Austria ... Sch 22	Indonesia ... Rp 3100	Portugal ... Esc 100
Bahrain ... Din 0.650	Israel ... Shk 3.50	S. Arabia ... Rls 6.00
Belgium ... BFr 48	Italy ... L 1800	Singapore ... S$ 4.10
Canada ... C$1.00	Japan ... Y 350	Spain ... Pta 125
Cyprus ... C£0.75	Jordan ... Fils 500	Sri Lanka ... Rup 30
Denmark ... DKr 9.00	Kuwait ... Fils 500	Sweden ... SKr 8.00
Egypt ... E£2.25	Lebanon ... £L 50.00	Switzerland ... SFr 2.20
Finland ... Fmk 7.00	Luxembourg ... LFr 48	Taiwan ... NT 585
France ... FFr 6.50	Malaysia ... Rm 4.25	Thailand ... Bht 50
Germany ... DM 2.20	Mexico ... Pes. 300	Tunisia ... Din 0.600
Greece ... Dr 100	Morocco ... Dh 6.00	Turkey ... L 500
Hong Kong ... HK$ 12	Netherlands ... Fl 3.00	U.A.E. ... Dh 6.50
India ... Rup. 15	Norway ... Nkr. 7.00	U.S.A. ... $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,267

Wednesday June 24 1987

Economic ghost haunting France, Page 26

World news | Business summary

IG Metall steps up protests over jobs

IG Metall, the West German metal-workers' union, stepped up protests over threatened lay-offs in the country's steelworks as the Bonn Government shelved until September a decision on more cash for the industry.

An estimated 12,000 steelworkers from throughout North Rhine Westphalia marched on the Duisburg headquarters of Thyssen which was considering plans to cut its workforce by 6,000. Page 3

Zimbabwe plans

Zimbabwe announced it would abolish separate parliamentary representation for its white minority this year and introduce an executive presidency and a single-chamber parliament. Page 4

Bhopal panic

Thousands of people fled in panic after ammonia gas leaked from an ice cream factory next to Union Carbide's plant in Bhopal, central India. Nobody was injured.

Hong Kong lure

Nearly 30,000 Chinese massed near China's border with Hong Kong, lured by false rumours that the border with the British colony had been thrown open for three days.

More aid for India

Western donor nations decided to raise aid commitments to India this year by 23 per cent to $5.4bn. Page 4

Hawke campaign

Australian Prime Minister Bob Hawke began his election campaign, calling on voters to "stick together and see it through." Page 4

Chun meeting

South Korean President Chun Doo Hwan was scheduled to meet dissident leader Kim Young Sam in an unprecedented concession to the opposition. Page 4

Gucci warrant

A warrant for the arrest of fashion magnate Maurizio Gucci was issued by a magistrate in Florence on charges of breaking Italy's foreign currency regulations.

Mosquito plague

Swarms of giant mosquitoes, thriving after an unusually warm spring and present summer rainstorms, were plaguing south-east England.

Taiwan legislation

Taiwan took a step towards ending 38 years of martial law when its parliament approved national security legislation. All 12 members of the opposition staged a sit-in on the assembly floor, protesting against the legislation.

Seine collision

Six people were presumed killed and several were injured when two fuel tankers collided on the river Seine.

Airline bookings

Swissair, Switzerland's national airline, said it was sticking to plans to develop a new computer booking system jointly with British Airways and KLM of the Netherlands despite the announcement of a rival European system.

Fewer priests

The number of recruits for Roman Catholic priesthood is insufficient to make up for the 7,000 priests who die each year, according to Vatican statistics.

Duvalier setback

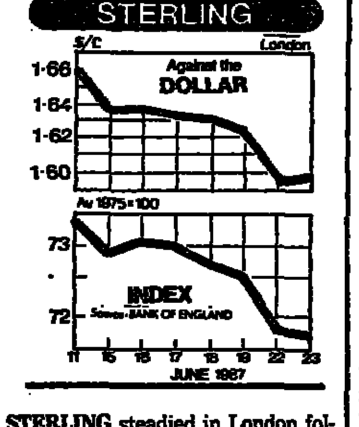
A court in Grasse, France, said it had no jurisdiction to hear an embezzlement case against ousted Haitian dictator Jean-Claude Duvalier, crippling efforts to recover millions of dollars which Haiti's new rulers say he stole.

HBJ bid upset by court ruling

HBJ DEBENTURE holders were told by a Florida court that they are entitled to convert their bonds into 132 common shares in the US publishing house, in a decision which looks like satisfying neither side in the takeover battle for the group. Page 27

RHEINMETALL, West German engineering and weapons group, increased net profits last year to DM 71.9m ($40m) from DM 59.2m in 1985 and is proposing to raise its dividend to DM 8 per ordinary share, against DM 7.5 in 1985. Page 27

STERLING



STERLING steadied in London following Monday's declines, helped by pressure on the dollar from unfounded rumours of US Federal Reserve intervention against the US currency. The pound closed in New York at $1.603. It rose in London to $1.5995 ($1.5945); to Y233.50 (Y232.50); FFr 9.7850 (FFr 9.7825); but fell to DM 2.9325 (DM2.9350); to SFr 2.4275 (SFr 2.4375). The pound's exchange rate index fell 0.1 to 71.7. Page 37

LONDON: The strength of sterling and Government bonds led equities higher to recover most of Monday's losses. The FT-SE 100 index closed up 20.9 at 2,365.5 and the FT ordinary index added 14.6 to 1,751.6. Details Page 44

WALL STREET: The Dow Jones industrial average closed down 5.78 at 2,439.73. Page 48

DOLLAR closed in New York at DM 1.8345; SFr 1.5205; FFr 6.1225; and Y146.05. It fell in London to DM 1,8330 (DM 1.84); and to SFr 1,5180 (SFr 1,5290); to FFr 6,1175 (FFr 6,1350); but rose to Y146.0 (Y145.80). On Bank of England figures the dollar's exchange rate index rose to 102.6 (102.5). Page 37

TOKYO: Rising demand for high-tech issues caused a rally in Tokyo after a three-day losing streak. The Nikkei average rose 156.56 to 24,794.91. Page 48

GOLD rose in London to close at $440.25 ($438.0); In Zurich it also rose to $439.25 ($438.75). Page 36

SWEDISH Central Bank is to open up the Swedish options markets to foreigners, allowing them to write and acquire stock and index options with effect from August 3. Page 29

BANK OF BOSTON and local partners have agreed to buy Commercial Bank of Manila for around $25m in the first full privatisation of a government-controlled financial institution since President Corazon Aquino came to power 16 months ago. Page 30

VOLKSWAGEN, West German vehicles manufacturer, is to start building Toyota-designed pick-up trucks in 1989 under the co-operation deal confirmed by the companies yesterday, the first in West Germany between a local car group and one from Japan. Page 7

TF1: French television chain chairman Francis Bouygues launched the company's stock market flotation on a sombre note, warning that all three private TV stations would lose money unless the Government stopped the two chains which remain in state hands from competing for advertising. Page 29

Peruvian President dismisses party rival

BY BARBARA DURR IN LIMA AND ROBERT GRAHAM IN LONDON

Alan Garcia

PRESIDENT ALAN Garcia of Peru has forced the resignation of his main political rival, Mr Luis Alva Castro, the Prime Minister, and cleared the way for a cabinet reshuffle which will bring in a more loyal team.

The move comes as the economic programme designed by Mr Alva Castro has begun to falter. Peru's inflation has moved beyond 100 per cent on an annual basis and the country has fallen out not only with the International Monetary Fund but also with the World Bank and the Inter-American Development Bank.

President Garcia is expected to fill his new cabinet and the Central bank with the "heterodox group" – pragmatic nationalists.

Since President Garcia came to power in July 1985 he has had an uneasy relationship with Mr Alva Castro, who never concealed his ambitions to stand in the next presidential race due in 1989. Both competed for the loyalty of the ruling American Popular Revolutionary Party (APRA).

President Garcia assumed responsibility for Peru's policy of limiting service on its $14bn debt to the equivalent of 10 per cent of exports, but economic management has been in Mr Alva Castro's hands.

Matters came to a head last week over the Government's failure to control the black-market dollar, which prompted the resignation of Mr Leonel Figueroa, the Central Bank governor.

Peru's foreign reserves of $950m are estimated to have been depleted by about $50m as a result of recent mismanagement of the dollar black market.

Mr Alva Castro resigned formally with the rest of the cabinet, but there was little disguising he had been forced out by increasingly acrimonious relations with the President.

He is expected to return to his duties as a congressional deputy and run for the presidency of the House of Deputies as a platform for the 1990 presidential candidacy.

In the cabinet reshuffle, the influence of the President's key adviser, Mr Daniel Carbonetto, is expected to be reinforced in economic policy, and the Finance Ministry could go to Mr Gustavo Saberbein, who negotiates Peru's foreign debt.

Shevardnadze to meet Shultz in Washington for arms control talks

BY WILLIAM DULLFORCE IN GENEVA AND PATRICK COCKBURN IN MOSCOW

Eduard Shevardnadze

THE PROSPECTS for movement in superpower negotiations on the elimination of intermediate nuclear forces (INF) in Europe brightened yesterday with the announcement in Geneva that Mr George Shultz, the US Secretary of State, would meet his Soviet counterpart, Mr Eduard Shevardnadze, in Washington next month.

Mr Edward Rowny, a special adviser on arms control to President Reagan, predicted in Geneva that they will make "a good-sized effort" to remove the remaining obstacles to a treaty removing all intermediate nuclear forces from Europe when they meet in mid-July. At INF agreement could be ready for signing this autumn, Mr Rowny said, but significant points still had to be resolved and would call for political concessions.

In Moscow, Mr Mikhail Gorbachev, the Soviet leader, said the West was blocking negotiations on disarmament by inventing new demands and backing away from agreements already reached. "Alas, in reply to our initiatives we usually receive either an instantaneous refusal or a dogmatic confirmation of old positions."

Addressing 2,000 delegates to the International Women's Conference in Moscow, the Soviet leader said that over the past two years the Soviet Union had put forward proposals on almost all disarmament issues. "In reply we have heard only too often: good, but let the Soviets confirm their words with deeds."

When Mr Shultz and Mr Shevardnadze last met in Moscow in April they pushed forward the arms control talks. US and Soviet negotiators in Geneva are now working on a draft agreement that would eliminate all nuclear missiles with ranges of between 500kms and 5,000kms from Europe. The US proposed a global elimination earlier this month.

Surprisingly, Mr Rowny described West Germany's 72 Pershing 1a missiles, whose nuclear warheads are controlled by the US, as "not a real stumbling block." On Monday, Mr Max Kampelman, the chief US negotiator in Geneva, said the dispute over the West German Pershings was delaying agreement.

Mr Rowny, however, had just arrived in Geneva from talks in Moscow with Mr Viktor Karpov, head of the arms control department in the Soviet Foreign Ministry, and General Nikolai Chevov of the Soviet General Staff.

The US has been insisting that the West German weapons cannot be included in a bilateral US-Soviet treaty. The Soviets say the warheads must be covered by the accord or alternatively they would retain the right to fit Soviet warheads to missiles "belonging" to some of their Warsaw Pact allies.

Among the issues Mr Shultz and Mr Shevardnadze would have to deal with, Mr Rowny named the 100 nuclear warheads which the Soviet Union wants to retain on its SS20 missiles east of the 80th parallel. These would be matched by 100 warheads the US could keep on its home territory but the US is now urging the global elimination of this category of weapon.

It would greatly simplify the problem of verifying compliance with the treaty, were the Soviets to give way on the 100 warheads, Mr Rowny said. Verification, he added, could become the "Achilles' heel" of the talks on the INF treaty.

The tone of Mr Gorbachev's speech yesterday was impatient rather than pessimistic about agreement on the abolition of short and shorter range nuclear weapons this year.

He said that when the Soviet Union had given practical demonstrations of its desire for disarmament such as stopping the manufacture of chemical weapons and the moratorium on nuclear tests for one month there had been no response from the West. "Once again we heard an oath of allegiance to the doctrine of nuclear deterrence," he said.

According to Mr Rowny, an agreement to start scrapping longer-range strategic nuclear missiles could be "forgotten about" at least until next February, the date by which any treaty needing ratification before the end of President Reagan's period in office would have to be submitted to the US Senate.

BAe in $1.5bn deal to sell 72 cargo aircraft

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

BRITISH AEROSPACE has reached agreement with the Australian-based TNT Transport Group to buy at least 72 cargo versions of the BAe 146, for about $1.5bn.

The five-year deal for the four-engined 146-QT, known as Quiet Trader, is described as a commitment, yet to be converted into a firm order. The 146 is said to be the quietest airliner and the feature is attracting worldwide attention.

The agreement is a further success for the 146 which had virtually no orders when it first flew in 1981. It is now used by many US airlines and by the Royal Air Force squadron that carries members of the British royal family. It puts BAe well on the road to recovering the £300m ($477m) invested in the 146 programme.

Sir Raymond Lygo, BAe managing director, said the TNT deal would enable BAe to establish the quantity production rates essential to getting costs down so it could compete more effectively.

Even so, he had instructed BAe divisional managing directors to produce plans by the end of the month for cuts in production costs of up to 20 per cent by 1990, with a further cut of 13.3 per cent by 1992.

The cost-cutting target also applies to BAe suppliers, including the US suppliers of the wings, engines and other equipment for the 146 aircraft. Up to 40 per cent of the 146 is built in the US.

Sir Raymond said the TNT deal would not increase employment, but would sustain the level involved on the 146 – about 10,000 workers in BAe and about another 10,000 among outside suppliers.

If BAe to cut its costs, with the result that the group lost aircraft sales to its competitors, there might be redundancies. "We shall have to wait and see," he said.

A "substantial proportion" of the 72 aircraft will be used by TNT to expand its overnight freight network worldwide, the rest being available for sale or lease through Ansett Worldwide Aviation Services.

That company is part of Ansett Transport Industries, owned by TNT and News International Corporation, which runs airlines in Australia, New Zealand, the South Pacific and Hong Kong.

Mr Neil Hansford, managing director of AWAS, announcing the deal yesterday, said that more than 72 aircraft might be acquired if the TNT overnight business expanded faster than expected.

Excluding the TNT deal, there are firm orders for 91 of the jets, mostly for passenger use. Production is planned to increase from 20 aircraft a year to about 40, many being the QT freight version.

The QT version of the Series 200 146 can carry up to 24,500 lbs. Modifications include a large rear freight door to take bulky loads.

TNT Group uses one QT aircraft on its European services, and will take delivery of two more later this year. Those aircraft, ordered with an option on another two before the new deal with BAe was arranged, will be included in the package of 72 aircraft.

North wins concessions in return for public testimony

By Lionel Barber in Washington

LT COL Oliver North, the former White House aide, has forced the congressional committees investigating the Iran Contra arms scandal to make substantial concessions in return for his public testimony early next month, according to an agreement submitted for approval to the House-Senate panel yesterday.

The tentative accord struck between leading committee members and Col North's lawyer, Mr Brendan Sullivan, will restrict the amount of private questioning of Col North and may allow him to testify publicly before his one-time boss, Rear Admiral John Poindexter, President Reagan's former National Security Advisor.

Some Democrat members of the House Committee are furious about the legal wrangle over Col North's testimony which they say is being bought at a high price.

Although Col North has been granted limited immunity from prosecution, he has failed to comply with a Congressional subpoena, giving private testimony for three days, threatened a Congressional accord with the independent councel on the timing of his public appearance, and set a precedent for other witnesses subpoenad by Congress in other investigations.

"We are being led by the nose," a committee member said.

Because House and Senate members want to finish their public hearings by the end of the first week of August, they are reluctant to begin lengthy contempt proceedings against Col North for failing to comply with the subpoena. They also need Col North's testimony to present the full picture of the scandal.

Mr Sullivan's refusal – on behalf of his client – to co-operate with the committee last week has been described as a legal master-stroke, exploiting the House panel's need for Col North's testimony.

A cartoon in the Washington Post caught the mood of some members well. Mr Sullivan, with a friendly hand on Col North's shoulder, said: "Remember – a lot have died face down in the mud so that this man could violate the laws, shred evidence and tell Congress his conditions for allowing them to see him."

Col North, defending his decision last year to invoke his Fifth Amendment right to silence to avoid self-incrimination, said many people had died face down in the mud to defend individual rights under the US constitution.

Col North – while pledging to tell his story – has remained silent since November 25

US debt to rest of world doubles to $263bn in 1986

BY LIONEL BARBER IN WASHINGTON

THE US owed the rest of the world $263.6bn at the end of 1986, more than double the 1985 total and boosting the country's lead as the world's largest debtor nation.

The US Commerce Department said the new debt burden was 135 per cent above the revised $111.9bn in debt owed to foreigners in 1985, when for the first time since 1914 the US became classified as a debtor nation.

The US debt cannot be directly compared with debt owed by developing countries such as Brazil ($108bn), Mexico ($101bn) and Argentina ($51bn) which largely stems from bank loans.

The US debt reflects the American current account deficit – the broadest measure of the trade deficit – which last year reached $140.6bn, the largest in history.

In 1981, the US current account was running a small surplus but the upsurge in the value of the dollar in ensuing years, coupled with high consumption and steady borrowing by Americans, created a record trade deficit. Foreigners in turn have had to repatriate the dollars they earned abroad in American stocks, bonds, land and companies – all of which largely reflects the debt.

The Commerce Department noted that the mismatch between US assets abroad and foreign assets in the US had grown since 1985. At the end of December 1986, US assets abroad totalled $1.07 trillion (thousand billion), 13 per cent more than at the end of 1985. Over the same period, foreign assets in the US increased 26 per cent to reach $1.33 trillion.

The size of the US economy means that it is much more able to carry the debt than others, but economists have noted that the huge imbalances in the US budget deficit and trade deficit leave the US dependent on foreign finance to keep the economy going. Mr Paul Volcker, the outgoing chairman of the Federal Reserve, has made this point on several occasions.

● US consumer retail prices rose 0.3 per cent in May with food costs rising significantly, but the pace of inflation slowed slightly from the previous three months, the Labor Department has reported.

For the first five months of 1987, the consumer price index has risen at a seasonally adjusted annual rate of 5.6 per cent. Excluding energy costs, the index rose by 4.8 per cent, enough to spark some fears about a resurgence of inflation.

New orders for manufactured durable goods in May were unchanged from April at $106.9bn following a revised increase of 0.7 per cent in April, the Commerce Department said.

Mr Malcolm Baldrige, US Commerce Secretary, said non-defence durable goods orders had improved recently and he expected the upward trend to continue. The report showed a sharp fall of 13.1 per cent in defence orders to $9.6bn in May. Defence orders this year have average $8.5bn a month, compared with $9.4bn a month last year.

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REGIONAL POLITICS AND FEDERAL POWER

North Rhine Westphalia premier Johannes Rau is seeking a power base in Bonn to help solve his state's *problems*, Page 3

EUROPEAN NEWS

UK close to decision on EC research proposals

BY WILLIAM DAWKINS IN BRUSSELS

THE British Government is understood to be close to a final decision on whether to lift its lone opposition to the EC's planned research budget.

Community officials said yesterday they expected Britain to make up its mind over the veto before, or in time for, next week's European summit. Britain since April has been the only member state to refuse to accept the Ecu 6.48bn (£4.5bn) scheme for research spending over the next five years. It has argued that parts of the proposal duplicate national efforts and that its budget should be cut back to Ecu 4.2bn, a sum which none of the other member states can accept.

The European Commission warned yesterday that the block risks doing irreparable damage to some joint research projects in need of new funding, notably the Esprit study into information technology. The programme also covers biotechnology, research into Aids and cancer, nuclear energy and industrial automation.

EC research was among the subjects for discussion yesterday at a meeting in London between Mr Wilfried Martens, the Belgian Prime Minister, who will be chairing the summit, and Mrs Margaret Thatcher, the UK Prime Minister. Meanwhile, Mr Guy Verhofstadt, the Belgian Budget Minister, who has been vainly striving to get agreement on the scheme during meetings of EC research ministers over the past six months, was last night preparing to go to London if necessary to work out a deal with the UK.

What Britain will do is unclear. However, it is understood that Lord Young, the new Trade and Industry Secretary, and Mr Kenneth Clarke, the Minister responsible for EC research, do not wish to block the programme — a significant change from the implacable opposition of Mr Geoffrey Pattie, the former Minister for Information Technology, who was dropped from his post after the recent general election.

The only real block to the plan now remaining in the UK Government is the Treasury, which faces a growing feeling among other departments that it is hard to justify holding out against one of the very few EC policies of which Britain is a net beneficiary, especially when it has the support of all 11 other member states.

If Britain does allow the programme through — and officials stress that its decision could go either way — it is likely to insist on tougher evaluation of practical benefits and a reorganisation of the Joint Research Centre in northern Italy, recently criticised in an independent report for being out of touch with commercial needs.

Even if the research budget is approved next week, the Commission estimates that the second phase of Esprit—the largest project, accounting for a quarter of the total budget—would not be able to start until next spring, more than a year after the end of the first phase.

That means 600 of the 2,900 Esprit research workers will be temporarily out of work, the Commission said yesterday. Many of them already have other jobs at their existing research establishments, but the delay opens the risk of some projects being ended or taken over by national bodies, it warned.

In a separate move, the Commission yesterday proposed that the second phase of Esprit should include an Ecu 50m scheme to encourage research co-operation between universities, companies and official research centres.

Hope seen for cheaper flights

BY TIM DICKSON IN BRUSSELS

THE EC Transport Commissioner, Mr Stanley Clinton Davis, will claim in Luxembourg today that the Community's latest proposals for airline reform will offer significant new opportunities to travellers.

Transport ministers from the 12 member states will make a last ditch effort to agree a controversial package on air liberalisation put forward by the Belgian presidency. This is broadly based on the European Commission's ideas put forward more than a year ago but they have been significantly watered down in an effort to secure the necessary agreement from the more conservative countries, such as Greece and Italy.

Mr Clinton Davis insists that the Commission's blessing will depend on the exact shape of the final package, but on the basis of the latest Belgian compromise he believes that the effect on the European air transport industry will be significant.

"The package now before the Council will bring considerable changes to European civil aviation," he said last night. "It will allow existing cheap fares to be reduced further. About two thirds of the discount fares which are currently available on flights between member countries could be cut by an extra 10 or 20 per cent."

An important innovation, he added, would be cheap fares on off-peak flights without further qualitative criteria but with a 20 per cent or 50 per cent cancellation charge. "The criteria are a substantial improvement on those worked out by ECAC and will introduce the possibility of new kinds of fares on many Community routes."

Referring to the proposed arrangements to reduce capacity sharing between airlines, Mr Clinton Davis claims that on the 30 busiest routes in the Community — those largely shared by France, Britain and West Germany—carriers would be free to lay on an additional 170 return flights a week in the first two years, rising to 340 in the third year.

"This measure could affect more than half the routes in the Community and especially the busier ones, where the capacity sharing rules are currently applied most strictly," he said. His remarks are likely to irritate those in the Commission who feel that the latest proposals represent a "sell out."

One vote could save Haughey today

By Hugh Carnegy in Dublin

MR CHARLES Haughey's minority Fianna Fail Government may have to depend on the support of an independent deputy to avoid a potentially fatal defeat in the Irish parliament today.

Despite its minority position, Fianna Fail has enjoyed a clear run since it came to power in March because the two main opposition groups, Fine Gael and the Progressive Democrats, agree on the need for its tough measures to curb the excessive national debt.

But just as encouraging signs have begun to appear in the economy, all but one independent on the opposition benches have pledged to vote against the government's spending cuts in the health service, threatening Mr Haughey.

Assuming all available opposition deputies vote, the outcome will turn on Mr Neil Blaney, a former Fianna Fail minister. Mr Haughey needs him to vote with Fianna Fail to win on the casting vote of the speaker.

A defeat would be followed tomorrow by a vote of confidence in the government.

The irony is that no party wants an election, least of all Fine Gael, the biggest opposition party, which is still recovering from a bad beating in the February election.

Mr Alan Dukes, the new leader, appears to have decided to vote against the health cuts to mollify concern within Fine Gael at the way a near unspoken coalition with Fianna Fail has operated in recent months.

A government defeat and the resulting instability would upset calculations based on Fianna Fail's hardline approach on the public finances.

Yesterday, stockbrokers Goodbody James Capel predicted Fianna Fail would achieve its targetted sharp reduction in borrowing and the current budget deficit this year, with interest rates shading downwards, annual inflation down to 3.5 per cent, the current balance of payments deficit remaining small and GNP growing by up to 1.5 per cent.

KOHL EMPHASISES DEFENCE OF 'MIDDLE EUROPE'

Closer links with France urged

BY DAVID MARSH IN BONN

MR HELMUT KOHL, the West German Chancellor, yesterday stepped up calls for improved defence co-operation with France to underline the "strategic unity" of Western Europe against the military threat from the Soviet bloc.

Mr Kohl said West Germany's security interests would be served by bringing in French forces "for the joint defence of middle Europe."

Although Mr Kohl took care to stress that France could not replace the US in its role as West Germany's nuclear guarantor, the term "middle Europe" indicates how much the Chancellor is now hoping for a full French commitment to use forces in forward positions in the Federal Republic in the event of conflict.

In remarks to conservative deputies, Mr Kohl said his aim was for France to play a full part in Nato operational planning and also to be able to co-operate without friction with forces of other Nato partners.

Elaborating on his suggestion last Friday for the formation of a joint Franco-German troop brigade, Mr Kohl said this could serve the long-term goal of bringing the forces of both countries closer together.

Mr Kohl's suggestion of an integrated brigade has been welcomed by President François Mitterrand and Mr André Giraud, the French Defence Minister.

But the proposal has also drawn fire from Gaullists who believe it smacks of moves to bring France back into the integrated command structure of Nato it quit under President De Gaulle in 1966.

Chancellor Kohl

One reason for the warmth of the official French reaction at the weekend is almost certainly the desire in Paris to avoid giving credence to right-wingers in the Bonn coalition who claim that West Germany's defence links within Nato are now being weakened by the superpowers' disarmament proposals.

Mr Kohl said yesterday that the joint exercise in southern Germany this autumn between French and West German forces, as well as improved training and troop exchange arrangements, would all facilitate Franco-German cooperation.

On the question of armaments collaboration – where the two countries have run into difficulties over the past few years – Mr Kohl said cautiously that a "balance of interests" would have to be maintained.

On the one hand, European countries wanted to improve technological cooperation but, on the other, military needs had to be served as well as possible at a time of tight defence budgets.

Condemned Soviet officials 'hid fortune'

TWO OFFICIALS condemned to death for corruption in the Central Asian republic of Uzbekistan had received a fortune in bribes of money and jewels, a Soviet newspaper has reported, Reuter says from Moscow.

It said investigators also named two other high Uzbekistan officials who committed suicide after being accused of bribe-taking.

The republic's Communist Party newspaper Pravda Vostoka quoted the investigators as saying that Mr Shoda Kudratov, a former trade official in the Bukhara region, and Mr A. Muzaffarov, an ex-militia official in the same area, were sentenced to death on May 13 last year.

Searches of Mr Kudratov's home uncovered more than 4m roubles ($6m) in money and jewels he had received in bribes.

Mr Muzaffarov and his relatives were found to have more than 1.6m roubles ($2.3m).

The investigators said that Mr Kurdat Ergashev, Uzbek Interior Minister until June 1983, committed suicide in August 1984 after being exposed for taking bribes.

Former Deputy Interior Minister G. Davydov killed himself in May 1985 after he was accused of corruption.

The Soviet media said earlier this month that Mr Abduvakhid Karimov, former party first secretary in Bukhara, had also been sentenced to death on the same charges.

A big anti-corruption campaign has been in progress in Uzbekistan since 1984. Many officials have been sacked and punished.

Much of the recent corruption had been blamed on Mr Sharaf Rashidov, the Uzbek party leader who died in office in 1983 after ruling for 24 years.

Italy grows impatient for new government

BY JOHN WYLES IN ROME

EIGHT DAYS after their election results were declared, Italians were still in the dark yesterday as to when they will have a new government, which parties will form it and who will lead it.

This absence of any movement of consequence on the political front has been greeted with a mixture of irritation and consternation. Newspaper and television commentators have cast envious eyes at the UK where the Prime Minister, Mrs Margaret Thatcher, had formed her new cabinet within 48 hours of the British poll, while business leaders are urging the politicians to get on with it.

An impatient Mr Luigo Lucchini, president of Confindustria, the industrialists' organisation, has again called for a new five-party coalition and stressed the need for reforms which will raise the efficiency of the public services, the bureaucracy and the Parliament itself. One result of the current political delay is that the presentation of the 1988 budget looks likely to fall behind schedule and will be held back until the autumn.

Leading this political inactivity has been Mr Bettino Craxi, the Socialist Party leader, who regards himself as the election winner, having boosted his party's share of the vote from 11.4 per cent to 14.3 per cent. No government can be formed without his support and, while assuring the country that he wants an administration "up to the situation," he has refused to indicate whether or not that means a renewal of the five-party coalition which he led until the political crisis broke last March.

Luigi Lucchini: industry backs reforms

His hints that this formula may be a thing of the past is now prompting speculation that the next government may just be a two-party coalition between the largest party, the Christian Democrats and Mr Craxi's Socialists.

But its majority would be a slender 13 in the Chamber of Deputies and four in the Senate and such a coalition would need to be fortified by the benign support from the outside of the Republican, Social Democrat and Liberal parties which all lost support last week.

None of the party leaders have started anything resembling a negotiation because Mr Craxi is standig o the letter of constitutional procedure. This means that only after the new Parliament is convened next Thursday, and Mr Amintore Fanfani, the caretaker Prime Minister, has confirmed his government's resignation will President Francesco Cossiga begin his soundings among the parties.

The only disturbance to the post-electoral calm has come from Sicily where one reading of the election results suggests that the Mafia swung some of its vote around Palermo away from the Christian Democrats in favour of the Socialists and the Radical Party.

Dark hints from some Christian Democrats that these parties had been in backroom negotiations with Mafia bosses have met indignant denials. One plausible theory is that the Socialists and Radicals have benefitted dubiously from their support for a reform of the magistracy, which is currently prosecuting dozens of crime bosses in Sicitly. Both parties are in favour of allowing individuals to obtain damages for wrongful arrest by magistrates.

Bureaucrats pose 'threat' to Soviet reforms

A SENIOR political scientist, frankly assessing the strength of Soviet bureaucracy, said yesterday it had for decades suppressed original thought and indicated it was now bitterly fighting reform of the system, Reuter reports from Moscow.

Mr Anatoly Butenko, a Moscow University professor, in terms reminiscent of views expressed by Bolshevik leaders exiled or executed in the 1920s and 1930s, suggested the bureaucracy usurped power when Josef Stalin became Kremlin leader in 1924.

Writing in Sovietskaya Kultura, the Culture Ministry newspaper Mr Butenko said the heyday of the bureaucracy had been "the years of the Stalin personality cult" and also the 1970s and early 1980s — when Leonid Brezhnev ruled

In a clear warning of its tactics towards Soviet leader Mikhail Gorbachev's current reform drive, Mr Butenko recounted how earlier efforts to shape a new system under Nikita Khruschev in the mid-1950s were wrecked.

Bureaucrats flourishing under Stalin, who died in 1953, were terrified by Khruschev's assault on the old dictator's rule at the Communist Party's 20th Congress in 1956, fearing that the attack would turn on them.

"But could they give in without resistance? Such an idea would be illusory. And he recalled that one of the methods used to blunt reforms under Khruschev was the argument that the Soviet past should not be "blackened" — a theme taken up by some senior officials in Moscow over the past few months.

Resistance to decentralisation and extension of the powers of industrial managers and local government bodies has been strong, bringing a softening of earlier proposals from Mr Gorbachev and his aides.

US and EC try again to settle pasta dispute

BY TIM DICKSON IN BRUSSELS

A NEW bid to settle the sticky trade problem of EC pasta exports to the US will be made in Brussels today.

Negotiations have dragged on intermittently since November, but both sides are anxious to find a solution to the nagging dispute by the beginning of next month. The talks are expected to last at least until Friday and possibly over the weekend.

The issue is important not just because of the estimated $30m of EC pasta exports to the US each year, but because it threatens to unravel part of the complex agreement over US citrus and other food products painfully negotiated by the two blocs last August. The outcome is also significant because of the sour atmosphere which has developed in relations between Brussels and Washington as a result of the EC threat to impose a new tax on vegetable and marine oils.

The pasta question hinges on the size of the variable EC subsidies paid on European exports. The Community argues that these relate to the durum content and are, therefore, within the guidelines laid down by the General Agreement on Tariffs and Trade. The US maintains that pasta is a processed product and that the EC payments are, therefore, illegal.

A US spokesman said last night that a framework had been agreed for this week's talks and that "it has got to the point where we are horse-bargaining on numbers and to what extent the processed products issue generally goes into the next Gatt trade round.

An EC spokesman, meanwhile, said that the two sides were still "far apart."

Agreement on the pasta dispute is connected to the implementation of part of last August's deal on citrus fruit. The retaliatory measures at the heart of that dispute were immediately dropped, the US has since increased quotas on some EC cheeses, and the EC has reduced tariffs on some kinds of American oranges. Other elements of the package, however, have yet to be ratified by the US Congress.

Denmark faces data strike

By Hilary Barnes in Copenhagen

SALARY CHEQUES, student grants, value added tax and the customs administration including the foreign trade statistics, will be hit in Denmark by a strike and lockout of data processing personnel which is due to start tomorrow at the state's main computing centre.

About 150 members of Prosa, the dataprocessing personnel's trade union, will go on strike

Most salary and social security cheques for June and July have already been processed, but from August onwards, many people may be affected

FINANCIAL TIMES

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EUROPEAN NEWS

West German steelmen step up protests

BY DAVID MARSH IN BONN

IG METALL, the West German metalworkers union, yesterday stepped up protests over threatened layoffs in the country's steelworks as the Bonn Government put off until September a decision on more cash for the industry.

An estimated 12,000 steelworkers from all over the industrialised state of North Rhine Westphalia marched yesterday on the Duisburg headquarters of Thyssen, the country's premier steelmaker.

The protest was called to coincide with a meeting of Thyssen's supervisory board which was due to deliberate on plans to run down by 6,000 its workforce in the steel towns of Hattingen and Oberhausen.

Mr Martin Bangemann, the Economics Minister, meanwhile confirmed that the Government would make available an extra DM 180m (£61m) between 1988 and 1990 to cushion the impact of short-time working in the steel industry. But he said a decision would only be made in the autumn on larger payments, possibly rising to as much as between DM 700m and DM 900m, requested by both steel companies and IG Metall to help restructuring in the industry.

Mr Norbert Bluem, the Labour Minister, intensified criticism of the steel companies' workforce reduction plans, saying that a confirmation of these proposals would undermine consultative efforts to solve the steel crisis.

Mr Bluem at the weekend met Mr Karl-Heinz Narjes, West Germany's EC Commissioner responsible for industry, to try to win more understanding in Brussels for the plight of the West German industry.

In an interview yesterday with the daily Die Welt, Mr Bluem reiterated that he would use "all means" to combat "mass redundancies" in the steel sector. He also denied claims from the Social Democratic Party-led government of North Rhine Westphalia that Bonn was neglecting the Ruhr and giving financial priority instead to hard pressed shipbuilding areas in north Germany.

David Marsh reports on a battle to save jobs in North Rhine Westphalia's coal and steel industries

Rau takes the fight for jobs to the heart of Bonn

MR JOHANNES RAU the jaunty Prime Minister of North Rhine Westphalia, West Germany's most populous state, has a three-cornered fight on his hands which illustrates the complications facing regional leaders in the country's federal political system.

Mr Rau, who was the Social Democratic Party's (SPD) unsuccessful candidate for the chancellorship in January's general election, ran into difficulties during the run-up to the poll because he lacked a strong power base in Bonn.

One of the peculiarities of the Federal Republic's structure is that the North Rhine Westphalia capital of Dusseldorf — only three quarters of an hour away from Bonn on the autobahn — is a political world apart.

Five months after an election which he seems quite relieved not to have won, Mr Rau is now preparing to spend much more time in the federal capital. A man who, even in private conversation, can sometimes adopt the tone of a revivalist preacher, he will be adapting his oratory to smoke-filled rooms in a bid to hack through a knot of problems which cannot be solved in Dusseldorf alone.

Mr Rau's first priority is the dire position of West Germany's steel and coal industries which are largely centred on his state.

With North Rhine Westphalia's finances badly dented by stagnating economic activity on the Rhur, Mr Rau is seeking funds from Mr Helmut Kohl's centre-right coalition in Bonn to try to ease the consequences of growing unemployment.

The optimists, says Mr Rau, estimate that 20,000 steel jobs will be lost in the state during the next few years—the pessimists, more than 30,000.

The attempt to find replacement jobs and to attenuate social hardship is bound to mean compromise with Bonn. This explains why Mr Rau, a moderate among SPD leaders who aims for the middle ground of the electorate, has warned that the SPD has no chance of using his state as a bastion from which to wage any aggressive campaigns against Bonn.

Mr Rau's second battle is over the future of the SPD itself. One of the party's two vice chairmen (along with Mr Oskar Lafontaine, Prime Minister of the Saarland), he is now in effect the SPD's second-in-command to Mr Hans-Jochen Vogel, who was confirmed as the new chairman last week.

Although he paid an emotional and certainly sincere tribute to Mr Willy Brandt, the parting chairman, at the SPD's special conference last Sunday, Mr Rau has undoubtedly won tactical leeway within the party now that Mr Brandt has left the stage.

Mr Johannes Rau: his pre-election strategy was vindicated

Above all, his pre-election strategy has been vindicated of refusing to countenance a coalition between the SPD and the Greens ecology party. Mr Brandt's flirtation with the Greens was one of the reasons why he and Mr Rau fell out in the months before the January poll.

Mr Rau certainly does not rule out the idea of all forms of co-operation with the Greens. As he puts it, the mayor of Wuppertal, where he lives, is from the Greens—"and I haven't moved out." But the Greens have moved decisively in the direction of left-wing fundamentalism in the last few months.

In addition, the prospect of a coalition government in the city of Hamburg between the SPD and the Liberal Free Democratic Party (FDP)—the first such alliance since the Bonn SPD-FDP coalition collapsed in autumn 1982 — has underlined that the SPD is open to partnerships on both left and right.

Mr Rau wants to ram home the message now being broadcast by Mr Vogel and Mr Lafontaine that the only way for the SPD to recover its fading electoral fortunes is for it to abandon talk of a link-up between the Greens and fight for votes on its own merits.

The question of votes is Mr Rau's third headache. He faces the next North Rhine Westphalia state election in the spring of 1990—and in West Germany, electoral planning starts early.

His likely opponent from Mr Kohl's Christian Democratic Union (CDU) will be Mr Norbert Bluem, the Bonn Employment Minister, who has just taken over as the CDU's chairman in North Rhine Westphalia.

Mr Rau says that Mr Bluem —with whom he gets on well in private—would be a worthy opponent. He jokes that he is already looking forward to the next candidate after Mr Bluem is beaten.

But Mr Rau knows that Mr Bluem, who is able to use his place in the Bonn government to influence his fortunes in the coal and steel state, represents a considerable threat.

Mr Bluem, on the reformist wing of the CDU and with strong trade union links, has already mounted a campaign to persuade the Ruhr steel companies to call off big forced redundancy programmes announced earlier this year.

Following a top-level meeting last week between the Government, steel bosses and the IG Metall trade union, a compromise is within sight under which the steel companies will water down lay-off plans in return for more public sector funding to aid restructuring.

If accord is reached, Mr Bluem will win a good deal of the credit—and the CDU will have inched further ahead in its strategy to win working-class votes in the Federal Republic's fading industrial heartlands.

Ankara warns EC envoys on European support for Kurds

BY DAVID BARCHARD IN IZMIR

WITH NATIONAL passions still running high after last weekend's massacre at Pinarcik in eastern Turkey in which Kurdish terrorists killed 31 villagers, the Turkish Foreign Ministry in Ankara yesterday summoned ambassadors of EC member states to issue a warning about European support for Kurdish groups.

Turkey is believed to feel that a resolution adopted by the European Parliament last Friday, which condemned the alleged genocide of Armenians in eastern Turkey during the First World War and referred to the existence of a Kurdish problem in the country today, was an encouragement to the terrorists.

The resolution spurred President Kenan Evren on Monday to make the strongest criticism of the West and the North Atlantic Treaty Organisation heard in Turkey for the past quarter century.

The President said that the alliance was tolerating people who wanted to take territory from Turkey. "Even the Warsaw Pact makes no such demands on Turkey," he said. "Nato will have to be reassessed. We did not go into Nato for this."

"What lies behind this is a religious difference," the President said. "They (the countries of Europe) are all Christian an we are Moslem." It was the first time in living memory that any Turkish leader has invoked the religious difference between his country and Europe in public.

Diplomats who were summoned to the Foreign Ministry in Ankara yesterday admit that sensitivities in Turkey are now severely inflamed. On the other hand, some dispute the link between the European Parliament resolution and the Kurdish massacres, while pointing out that European governments will not find it easy to restrain discussion of the problem in their own parliaments and mass media as Turkey appears to wish.

Cyprus urged to liberalise its economy

By Andreas Hadjipapas in Nicosia

THE CENTRAL bank of Cyprus has called for efforts to further liberalise the economy in order to achieve higher growth. In its annual report, the bank says economic management in Cyprus is largely obstructed by structural rigidities

It mentions the 9 per cent ceiling on lending rates, the problem of subsidies of agricultural products and the automatic indexing of wages and salaries, and says the present favourable economic situation offers "an excellent opportunity to remove these rigidities or at least to take steps to minimise their impact before their destabilising effects are set in motion."

Drug fight guidelines watered down

BY CHRISTIAN TYLER IN VIENNA

DELEGATES TO a UN Conference on the drugs problem were last night putting the final touches to a compendium of guidelines which it is hoped will strengthen international co-operation in the control of a $300bn criminal industry.

The conference, the biggest of its kind ever staged, is designed both to alert the world to a near-epidemic of drug abuse and to warn traffickers that detection and punishment will be intensified. But the guidelines being worked out here will not be mandatory. Their force was further weakened when countries with widely different judicial systems and religions this week objected to the imperative tone of the language.

The compendium, which is being described here as a "recipe book" of measures, is due to be formally adopted later this week by a full session of the more than 100 countries represented. Delegates are also discussing a final declaration of intent to step up the worldwide fight against growers, manufacturers and dealers.

The main emphasis of the debate so far has been on detection and punishment, including the forfeiture of racketeers' profits.

The US Assistant Secretary of State, Ms Ann Wrobleski, said yesterday that Bolivia must push ahead with eradicating its coca crops to secure a major aid deal aimed at cutting cocaine supplies flooding on to the market, Reuter reports. The aid deal, worth about $75m, would form a significant contribution to a La Paz government plan to slash Bolivia's output of coca, the raw material for up to half the world's supplies of cocaine.

That move was reinforced by Mr John Whitehead, US deputy Secretary of State and current head of the American delegation, when yesterday he expressed his admiration for the deterrent effect of Malaysia's death penalty for drug runners.

A move by the Dutch to switch the emphasis away from enforcement and towards education and treatment was rejected during a committee discussion of the guidelines. The Netherlands, in line with its own national policy, regards drug abuse as a health problem just as much as an enforcement one. Its delegation wanted the UN to distinguish between "soft" drugs like cannabis and "hard" drugs like cocaine, heroine and the laboratory equivalents.

There has been broad unanimity so far. However, debate on the proposed declaration suggested an undercurrent of disagreement between North and South. Some Latin American countries, such Bolivia, Peru and Colombia, whose economies are sustained by illegal cultivation of the coca bean (the basis of cocaine), argued that responsibility for drugs control lay mainly with the rich countries where demand is greatest.

The nine-day conference ends on Friday.

Zimbabwe to drop safeguards for whites

By Tony Hawkins in Harare

SOME OF the constitutional safeguards in the 1980 Lancaster House constitution designed to protect the white minority in Zimbabwe are to be abolished this year. Announcing this in his speech from the throne opening the new session of the Zimbabwe parliament yesterday, President Canaan Banana confirmed that with the expiry of the seven-year period during which racial representation was entrenched in the constitution, the Government would abolish racial representation in both the National Assembly and the Senate.

Dr Eddison Zvbobgo, the Leader of the House, said that in addition to the abolition of the 20-entrenched white seats, the Government would also introduce legislation to establish an executive presidency and to abolish the Senate thereby creating a single-chamber parliament. But the Senate would only be abolished at the time of the 1990 general elections.

There is also little concern among whites at the abolition of their privileged representation, though a good deal of scepticism about the mechanism that will be used to bring "acceptable" whites into the assembly. As one opposition MP put it: "They will be chosen by Mr Mugabe to represent the whites which will place them in an impossibly invidious position."

Ministers said the 20 white members of parliament in the 100-seat National Assembly and the 10 senators in the upper house would be replaced by members elected by the remaining 80 members of parliament. This will sidestep the need to hold new general elections.

It is not clear how many white MPs will be allocated seats under the new dispensation, but with the whites accounting for less than 5 per cent of the population, there are unlikely to be more than 10 minority representatives at the most.

On the economic front, President Banana promised increased state participation in manufacturing industry primarily in the intermediate and capital good sectors. The Government would start its rehabilitation programme at the Zisco steelworks which would include the establishment of downstream import substitution projects in steel.

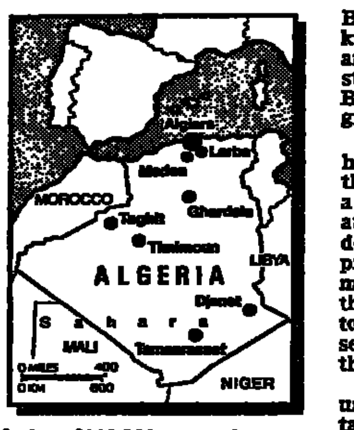
Trial which offers a glimpse of Algerian sympathies

A Correspondent reports on a court case against Islamic militants

THE largest ever trial of radical Islamic oponents of President Chadli Benjedid's regime opened on June 15 before the State Security Court in Medea, 45 miles south-west of Algiers. The charges all arise out of an extraordinary attempt by a handful of Islamic militants led by Mustafa Bouyali, a 45-year-old war veteran, to wage a guerilla struggle against the Government in the Atlas mountains near Larba, a small town 15 miles south of the capital.

The trial promises to be long and dramatic: 49 defence counsel have been retained to represent the 202 accused, four of whom are being tried *in absentia*. Of the remaining 198, 20 are accused of belonging to Bouyali's *maquis* and face charges ranging from criminal association and conspiracy against the state to armed robbery and murder, capital offences in Algeria. The other defendants are accused of complicity and withholding information from the security forces.

Bouyali himself was killed in an ambush last January, but not before he had led the security forces a dance for more than two years. His band began its career on August 21, 1985 by robbing a factory near Algiers of its £110,000 payroll. Five days later it mounted a daring attack on the police barracks at Souma, 12 miles west of Larba, in which a policeman was killed and guns and ammunition stolen.



The *gendarmerie nationale* captured three of his men on September 11, a success quickly cancelled by a shoot-out in the mountains in which five *gendarmes* were killed. One of Bouyali's followers was also killed, two others were wounded and a fourth captured, but strong-arm tactics against rival Bouyali and the core of his group got away.

In fact, the story has a longer history: Bouyali was already on the run by April 1985 when, at a trial of 135 Islamic radicals at Medea, he was among five defendants sentenced to life imprisonment *in absentia*. Since most of the other defendants on that occasion had been in custody since late 1982, Bouyali seems to have given the police the slip for at least four years.

That he was able to do so undoubtedly owed much to the tacit sympathy of the local population. The region south of Larba, between Larba and Tablat, is classic guerrilla country. The tortuous road which winds up the mountain from Larba to Sakamody was especially dreaded by the French army during the revolution and it was here that Bouyali, a native of the region, organised his small but effective *maquis*.

Larba has long been notorious for its Islamic sympanies. Situated at the mountains, it has received a steady influx of rural migrants from the surrounding hills and the impoverished districts of Tablat, Beni Slimane and Sour el Ghozlane further south.

For these newcomers, mostly uneducated and impervious to the appeal of more modernist brands of opposition politics, Islamic radicalism has provided a vocabulary in which to express their resentment at their relative deprivatioin, situated as they are within sight of the fleshpots of Algiers yet denied by the critical state of the economy any prospect of realis*ing* their material aspirations. It has also furnished a much-needed sense of community

The Bouyali affair is thus probably to be interpreted as a peculiar local spin-off, rather than a development, of the wider Islamic movement in Algeria. This movement initially developed in opposition to the Socialist orientation of the Boumediene Government in the mid-1970s and concentrated on agitation in the universities.

It has frequently used opposition tendencies (especially the student left and the implicitly secular "Berberist" movement based on the Kabyle minority), but the resort to urban terrorism and assassination characteristic of Islamic radicalism in the Middle East has been rigorously eschewed and Bouyali's venture into rural guerrilla tactics has so far had no imitators.

By late 1982, the Islamic movement as a whole had begun to overreach itself. The Chadli regime had tolerated it while it confined itself to mass agitation directed mainly against the "Berberists" and the left. When these other sources of opposition had been reduced, the Government decided the Islamic movement had outlived its usefulness and cracked down hard, arresting most of its leaders between November 1982 and January 1983.

Since then, the Government has made significant concessions to the revival of Islamic sentiments in the society at large. An explicitly Islamic family code became law in June 1984 and the revised National Charter ratified by a referendum in January 1986 placed fresh emphasis upon the Islamic character of the state. As a result, although the Islamic movement has survived underground and has proved capable of mobilising the occasional demonstration, its political threat has been largely neutralised. It is the essentially secular, liberal-democratic and human rights tendencies in the Algerian opposition which have been making the running in the last two years.

In this context the Bouyali *maquis* appears an isolated affair. While it probably took its Islamic ideology in earnest, this stance is likely to have expressed something more mundane, the bitterness of war veterans towards a regime in which they had no place and which claims the mantle of the revolution while neglecting the rural poor in a region which suffered severely during the war.

The state prosecutor will undoubtedly call for exemplary sentences against Bouyali's fellow fighters, but the majority of the defendants at Medea will be hoping to be treated leniently on the eve of the 25th anniversary of independence on July 5.

Israel warned of danger to navy

THE commander of the Israeli Navy yesterday pressed the Government to allocate $1.5bn (£940m) for planned new missile boats and submarines, warning failure to do so would be tantamount to scrapping the navy, Reuter reports from Tel Aviv.

Rear-Admiral Avraham Ben-Shoshan told a news conference the Government's failure to decide whether to continue a multi-billion dollar Lavi warplane project was delaying alloting funds for the new ships.

"The decision has been made. The navy is going to have four Saar-5 (missile boats) and three submarines by 1995. The only problem is . . . allocation of the money."

Close associate of Hu moved in China reshuffle

BY ROBERT THOMSON IN PEKING

A SENIOR Communist Party official and close associate of the dumped Chinese party General-Secretary, Hu Yaobang, has been moved sideways in a reshuffle of senior ministers that reflects the continuing turbulence in the party.

Wei Jianxing, 56, has lost the sensitive post of director of the party's organisation department after only two years in the job, and been appointed to head the newly-formed Ministry of Supervision.

Mr Wei was plucked from relative obscurity in Harbin, in northern China, to head the department, and has been mentioned as one of several senior officials with very close ties to Mr Hu.

The new organisation department chief is Song Ping, a reformer with a solid background as minister in charge of the state planning commission, and therefore less open to allegations that he is a beneficiary of Hu Yaobang's patronage.

In turn, Mr Song will be replaced by a vice-premier, Yao Yilin, 70, who now seems out of the running for the senior posts to be decided at a crucial party conference in October, when a successor to Hu Yaobang will be appointed.

The head of the organisation department oversees personnel movements and has a role in enforcing party discipline, the lack of which has been attacked regularly in recent months as part of a drive against "bourgeois liberalism."

But Wei Jianxing has not been disgraced. The newly formed Ministry of Supervision will oversee the work and discipline of government officials.

As well as a new party chief, the October meeting will pave the way for the appointment of a new premier to replace the present premier, Zhao Ziyang, who is likely to take the top party post.

Diplomats say Chinese politics has entered a "compromise phase" with the various factions bargaining for key appointments in the lead-up to the party conference. A fierce campaign against western influence has waned but reformers are still on the defensive.

Hawke kicks off election campaign

By Chris Sherwell in Sydney

MR BOB HAWKE, Australia's Prime Minister, yesterday launched his Labor Party campaign for a historic third term in government with a platform emphasising traditional party values, successful economic management and an appeal to voters to "stick together and see it through."

The latest opinion polls show the Labor Party, with about 49 per cent of the vote, some six points ahead of a Liberal-National coalition. Mr John Howard, the Liberal leader, meanwhile, continues to trail Mr Hawke in popular perceptions of their leadership.

Mr Hawke promised that there would be no new taxes and no tax increases in the next budget, due in September. Pensions would remain fully indexed, and there would be no wage freeze. Lower tax rates, he reminded voters, would come into effect next week.

Unveiling his biggest election give-away, Mr Hawke produced an assistance package worth A$405m in a full year to help

S Korean rivals to meet

Chun Doo Hwan, worn down by two weeks of political turmoil, will meet long-shunned dissident leader Mr Kim Young Sam today in an unprecedented concession to the opposition, Mr Kim's aides said yesterday Reuter reports from Seoul.

Mr Kim's aides said President Chun's adviser visited Mr Kim at his home to present a compromise proposal that will pave the way for the "summit meeting" without meeting preconditions set by the opposition Reunification Democratic Party. They said Mr Kim accepted the compromise, which will allow him to hold talks with his fellow dissident Mr Kim Dae Jung

The President's adviser assured Kim Young Sam that during their talks, Mr Chun would positively respond to opposition demands that the house arrest of Mr Kim Dae Jung be lifted and demonstrators arrested over the past two weeks be freed.

Aid for India to be increased

BY DAVID HOUSEGO IN PARIS

WESTERN DONOR nations yesterday decided to increase aid commitments to India this year by 23 per cent to $5.4bn (£3.4bn).

The increase, agreed by the Indian Aid Consortium meeting under World Bank auspices in Paris, includes sharp rises in contributions by both Britain and France as well as by the Asian Development Bank and the Nordic Investment Bank.

Pledges by IDA, the soft loan window of the World Bank, though up to $800m from $500m last year, were still well below the $1.5bn of commitments in 1980.

The fresh aid pledges came in the context of overall approval by consortium members of current economic policies in India. Mr S. Venkitaramanan, the Indian Finance Secretary, told the meeting that India's gross national product should rise by 6-7 per cent during the current fiscal year and that the Government expected exports to rise in volume above the 7-9 per cent achieved in 1986-87.

Uganda debt accord

The Paris Club of bilateral and multilateral aid donors has rescheduled all the debt repayments Uganda should have made in the financial year starting July 1, Mr Chrispus Kiyonga, the Finance Minister, said, Reuter writes from Kampala.

In a statement read on Radio Uganda last night, Mr Kiyonga said the Government would pay back the money in 18 six-monthly instalments between June 1994 and December 2004.

Sharjah build-up

Helicopter gunships circled Government Square and palace barricades were strengthened yesterday as the leader of the palace coup refused to return control of Sharjah to his younger brother, AP writes from Sharjah. Sheik Abdul-Aziz bin Mohammed al-Qassimi was quoted as saying he would not relinquish control without a power-sharing agreement.

Gurkha crack-down

Authorities sent para-military police reinforcements to Darjeeling yesterday to crack down on arson and bombings by militant Gurkhas campaigning for a Gurkha state in north-east India, Reuter reports from New Delhi. The Chief Minister of neighbouring Sikkim said yesterday the Gurkha campaign threatened to cut transport of essential supplies to his isolated northern state.

Mexican governing party expels faction leaders

BY DAVID GARDNER IN MEXICO CITY

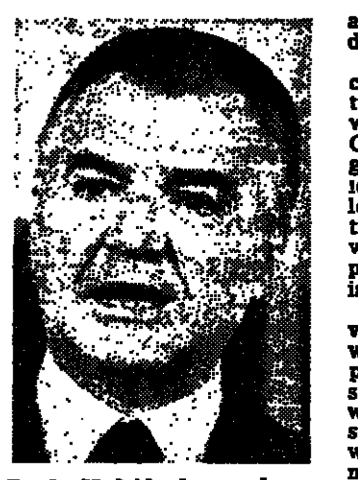
AFTER THREE months of dithering, Mexico's Institutional Revolutionary Party (PRI) has taken the plunge and expelled the two main leaders of the dissident Democratic Current within its ranks.

Mr Cuauhtemoc Cardenas, a former state governor and senator and son of the revered 1930s president Lazaro Cardenas, and Mr Porfirio Munoz Ledo, former PRI president and Education and Labour Minister, were yesterday formally placed outside the party pale.

The measure makes it more likely that the Current will openly challenge President Miguel de la Madrid's right to designate his successor, due to be named in the early autumn and elected next summer. Mr Cardenas, in this event, would flout the leadership and seek the PRI nomination himself.

The full PRI leadership has again skirted round the mechanism of formal expulsion —last used in 1935—in what is likely to be the vain hope of avoiding a long procedural wrangle and public debate over the democratisation measures and economic reforms sought by Current.

A similar manoeuvre against Mr Cardenas in March backfired when the former governor simply ignored it and took his case to the party rank and file around the country. The PRI leadership also went on an intensive three-month regional campaign and evidently concluded the Current had potentially dangerous drawing power, despite systematic attempts by local party leaders to block them.



De la Madrid: due to leave office

The central demand of the Current is that an elected PRI congress should choose the successor to President de la Madrid, who by law leaves office next year. Since the time of President Cardenas, the president hand-picks his successor, after private consultations with the vested interests which have grown up around the 70-year-old regime.

In a hard-hitting communique yesterday, the PRI accuses Mr Cardenas and Mr Munoz Ledo of indiscipline, divisive manoeuvres and treachery. "In our organisation we respect the right to criticise and dissent. What we do not tolerate is opposition inside the party." The comunique orders the party at all levels to close doors to the dissidents.

The move comes after a crescendo of anathemas orchestrated over the past two weeks, with calls for expulsion of the Current from dozens of state governors and PRI regional leaders across the country, and leaders of the party's corporatist "three sectors," the workers, peasants and so-called popular sections into which it is divided.

Mr Munoz Ledo, in an interview with the FT last week when he evidently savoured the possibility of being expelled, said he thought the leadership would "take an arbitrary decision short of expulsion . . . which would be too long and messy. But we will just reject it."

Mexico's leading daily, the pro-government Excelsior, yesterday devoted most of its front page and three editorials to the PRI measure, accusing the Current of impatience, disrespect for form and lack of vision. It also carried two scathing articles, one trailed on the front page, by associates of Mr Alfredo del Mazo, the Energy Minister and a front-runner in the internal party contest to succeed Mr de la Madrid.

● Mexico must create 186,000 jobs a month, or 900,000 by the end of the year, to avoid a worsening of the economic crisis and greater social pressures, Mr Vincente Bortoni, president of the National Confederation of Industrial Associations, said, AP-DJ reports from Mexico City.

Argentine military charges dropped

By Tim Coone in Buenos Aires

THE ARGENTINE government's controversial "due obedience" law was ruled constitutional by the Supreme Court early yesterday. The ruling means that charges will be dropped against most of the 370 military and police personnel accused of crimes of murder and torture, committed during the military regime of 1976 to 1983.

Only 30 to 50 senior officers, most of them now retired, and who were then in charge of military operations, will continue to face charges.

A constitutional appeal against the law, which was approved by the congress at the beginning of the month, was seen as the last resort of human rights organisations and families of the victims of some 9,000 "disappeared" political prisoners to try and prevent identified torturers and murderers from escaping justice.

The due obedience law makes only the senior officers responsible for the crimes committed by junior ranks.

In its ruling the supreme court also overturned sentences passed in December last year by the Buenos Aires federal court against a police commissioner, a police doctor and a police sergeant.

The three were condemned on charges of homicide and torture and received sentences of 23 years, six years and four years imprisonment respectively, but will now be released.

During his trial the police commissioner, Mr Miguel Etchecolatz, made no attempt to deny responsibility for the crimes with which he was charged. Instead he told the court: "Our fight was just." He went on to threaten the judges. He said: "Be aware that one day you are going to have to answer for what you have decided, and be aware also that whether you like it or not, you will have to answer here on earth."

PRESIDENT WARNS GUERRILLAS OF END TO TRUCE IF ATTACKS CONTINUE

Colombian ceasefire under threat

BY SARITA KENDALL IN BOGOTA

THE FRAGILE truce between the Colombian authorities and guerrillas of the Revolutionary Armed Forces of Colombia (FARC) is in danger of disintegrating.

President Virgilio Barco has warned that future attacks on the military or police will signal the end of the ceasefire in the region where the attack takes place.

He said this had already happened in Caqueta, where 26 soldiers and one civilian were killed last week in a guerrilla ambush on two trucks. Army tanks and combat troops have already moved into the area.

The FARC leadership lamented the ambush but did not condemn it, and tacitly agreed that it had been carried out by the 14th and 15th FARC fronts. Soldiers who died in the massacre belonged to an army brigade which was building and repairing roads in the eastern lowlands of Colombia.

During the past few days, political parties and numerous other organisations have been calling on the Government to revise the ceasefire signed by former president Belisario Betancur three years ago.

The Government and the FARC – Colombia's biggest guerrilla movement – have said they are willing to continue negotiating for peace. But Mr Barco stressed in his speech to the nation on Monday that future agreements depended on demobilisation and disarmament by the guerrillas.

Although his speech constitutes a fundamental change in the Government's peace policy, rehabilitation programmes still stand.

Colombia is looking for about $1bn in fresh credit to finance projects in poverty-stricken urban and rural areas.

Since the ceasefire came into effect, it has been violated repeatedly by both sides; it did not include any provision for disarmament but it did promise support for guerrillas re-entering civilian life.

Many of those who chose "legal" politics joined the Patriotic Union (UP), an electoral alliance which includes the Colombian Communist Party.

According to the UP, more than 300 of its congressmen, councillors and local leaders have been murdered. After last week's ambush, bombs exploded in UP and Communist Party offices.

Bahamas opposition rejects poll result

THE OPPOSITION Free National Movement (FNM) has rejected the results of last Friday's general election, saying Prime Minister Lynden Pindling's party won the vote through massive fraud, Reuters reports from the Bahamas.

Final unofficial results announced on Sunday by state-run radio showed Mr Pindling winning the right to an unprecedented sixth term in office with a slightly reduced majority in the 49-seat House of Assembly.

In an election dominated by allegations of drug corruption in Mr Pindling's government and counter charges against the FNM, the Progressive Liberal Party (PLP) captured 31 seats, the FNM 16 and independent candidates won two constituencies, Radio Bahamas reported.

Even Mr Pindling said he was surprised but called it a "great victory" over the US interests and drug barons he said supported the FNM.

But FNM deputy leader Mr Cecil Wallace Whitfield said yesterday that the ruling party won at least 10 seats through fraud.

"We know that the people voted against corruption in government and it is only through the manipulation of the system that we have an apparent defeat of the Free National Movement," he said.

He charged that the voting results were "fraudulently manipulated" from the building that houses the prime minister's office and he called for a police investigation of the election.

In past elections, the FNM has gone to court to challenge PLP victories in some districts with similar fraud charges, but it has had little success.

The election was Mr Pindling's first major test of public reaction to a 1984 report by a royal commission of inquiry, which found drug money reaching into his inner circle of ministers and associates.

The report exonerated Mr Pindling but raised questions about his unexplained personal wealth.

PLP and government officials were attending a "victory rally" last night and were not avialable for comment.

Over the weekend, PLP chairman Mr Sean McWeeney described the election as fair and orderly. But more than three days after the vote, the parliamentary registrar had not ratified the elections results and declared them official.

Election officials declined to explain the delay.

The PLP had a 32-11 majority in the old House, which consisted of 43 seats.

Administration condemns bill to curb takeovers

BY WILLIAM HALL IN NEW YORK

THE US yesterday strongly condemned proposed legislation that would severely curb the activities of corporate raiders and reduce the number of contested takeovers in the US.

Dr Beryl Sprinkel, the chairman of the President's Council of Economic Advisers, yesterday criticised anti-takeover legislation now being considered by the Senate banking committee and warned that the bill proposed by two influential Senate Democrats would prove expensive to shareholders over the long run.

Senator William Proxmire, chairman of the Senate banking committee, and Senator Donald Riegle, chairman of the Senate banking committee's securities panel, introduced a wide-ranging bill early last month to deal with the so-called "merger mania" which has gripped much of corporate America

The proposed legislation would severely curb perceived corporate abuses by both corporate raiders and entrenched managements of companies resisting takeovers.

The use of so-called "greenmail," "poison pills" and "golden parachutes," which are defensive tactics where either one group of shareholders tends to be rewarded at the expense of the rest of the shareholders, or a company assures its continued independence by making an unfriendly takeover prohibitively expensive, would be generally prohibited.

The proposed bill would also nearly double the time required for a tender offer to remain open, require much faster reporting of shares stakes of 3 per cent or more and provide greater disclosure of the activities of investors making open market purchases.

Several of these provisions would make the task of the corporate raiders much more difficult and Dr Sprinkel indicated in testimony before the Senate banking committee yesterday that he thought this was a bad move.

Brazil's trade surplus likely to top $1bn

BY ANN CHARTERS IN SAO PAULO

BRAZIL'S FOREIGN Trade Agency yesterday announced the largest monthly trade surplus since last September at $946m for May and indicated that the June surplus is expected to top $1bn.

Efforts to stimulate exports appear to be yielding results earlier than expected. Many analysts had not projected a return to surpluses topping $1bn until near the end of the year.

May exports, which totalled $2.17bn, were led by manufactured products, including $312m in vehicles and car parts, a strong performance from soya bean complex products at $307m and coffee at $180m.

Imports were $1.224bn for the month, led by petroleum at $376m and wheat at $17m. Petroleum imports for the year are expected to reach $4.1bn, up 46 per cent over last year due to higher international prices.

Despite the excellent results for May, the accumulated trade surplus of $2.1bn for the first five months of the year is still running 58.7 per cent behind last year's performance in the same period.

In another development strikes spread from Rio de Janeiro port, where facilities halted last week, to another three ports, Salvador, Recife and Manaus, as workers demanded a 16 per cent rise for inflation correction denied to employees of state companies. Port workers in Santos, the country's busiest port, may discuss strike action this week.

VW to build Toyota-designed trucks in 1989

BY ANDREW FISHER IN FRANKFURT AND PAUL TAYLOR IN TOKYO

VOLKSWAGEN will start building Toyota-designed pick-up trucks in 1989 under the co-operation deal confirmed by the two companies yesterday, the first in West Germany between a local car group and one from Japan.

VW will invest some DM 90m (£30m) to re-equip its under-utilised Hanover plant for the task. The deal will secure the jobs of over 300 people.

Production of the one-tonne Hi Lux truck will fill a gap in VW's product range. The size of the one-tonne truck market in Europe is about 55,000 units a year, and Toyota accounts for over 12,000.

VW has said the contract, which does not include cars, will not affect any makes in Europe. "We are not hurting even any European product and we are not hurting our own product," said Mr Carl Hahn, the chairman.

He added that a high German content was being aimed at "to make it a totally European product." Local content will exceed 50 per cent at the end of the first year, with VW hoping for an eventual 70-70 per cent.

Output will be increased from between 7,000 and 8,000 trucks in 1989 to 15,000 from 1990. Initially, engines, gears, brakes and axles will come from Japan.

Though the deal is the first between a West German motor group and a Japanese company in Germany, Daimler-Benz plans to produce light trucks in Spain in co-operation with Mitsubishi.

VW already has a production agreement with Nissan in Japan to build its large Santana model. Mr Hahn said this would not be affected by the deal with Toyota on the Hi Lux, which could be used for business "and as an outdoor sportsman's automobile, a gentleman farmer's hobby-horse."

Mr Eiji Toyoda, Toyota's chairmn, said the agreement followed detailed negotiations which began 18 months ago.

The move should have "mutual merits" for both companies. The decision to build the Hi-Lux truck was based on "the hopeful possibilities for this segment of the market" in Europe.

The Toyota chairman declined to provide any financial details of the deal, but said VW would sell two out of every three trucks produced under the agreement.

Taiwan groups pledge to tackle US deficit

BY NANCY DUNNE IN WASHINGTON

A DELEGATION of executives from 10 state-owned industries in Taiwan said yesterday that they would tackle the US trade deficit through investment of some of the nation's estimated $58bn in excess foreign reserves.

The delegation stated this as the Senate was preparing to begin debate on a trade bill, which could curtail imports. But the group claimed the timing of the trip was purely coincidental.

The group has decided to invest with US companies in joint ventures, and investment schemes with Taiwan's private industry.

The 18-member mission arrived in New York on June 18 and will travel to 14 states before leaving Los Angeles for Taiwan on July 12. Members planned to meet government officials, representatives of US companies and local organisations.

They intend to discuss a wide range of investment possibilities including facilities for the production of environmental protection equipment, aluminum recycling plants, production of high speed diesel engines, and production of steel-related products.

Companies warn EC on market barriers

By William Dawkins in Brussels

THE HEADS of six of Europe's top companies yesterday warned that more delays in removing barriers to free trade in the EC might hinder their future investment plans.

A delegation led by Mr Umberto Agnelli, vice chairman of Fiat, delivered that message at meetings in Brussels with Mr Jacques Delors, President of the European Commission, and Mr Leo Tindemans, Foreign Minister for Belgium, which holds the chair of the Council of Ministers.

The industrialists told the Commission that the EC's credibiilty was in doubt while it continued to lag in its efforts to create a free internal market by 1992.

Progress was most urgently needed on proposals to remove physical and administrative barriers at frontiers "to set common product quality standards, bring more international competition to public purchasing, harmonise indirect tax rates, introduce an open market for service industries, and encourage stronger monetary and financial co-operation.

The delegation included Viscount Etienne Davignon, former Industry Commissioner and now a director of the Belgian industrial group, Société Générale, and the heads of Philips, Siemens, BAT Industries, and Telefonica.

They are the leading members of the Internal Market Support Committee, a group of major companies from each of the 12 member-states set up last year to lobby for a more open common market.

In a separate move, the Commission heaped renewed blame on member-states for allowing national arguments to hold up the internal market programme.

The Commission has so far put forward 176 proposals out of its plan to dismantle 300 market barriers by 1992, of which the Council of Ministers has only adopted 60.

Mr Willy de Clercq, Commissioner for external trade, told a conference in Hamburg yesterday that Europe would lose the competition battle at world level if progress on the internal market did not improve quickly.

Peter Blackburn reports on France's trading links with members of the CFA zone

History gives France an edge in Africa

As the Ivory Coast sinks into another financial crisis one thing is certain: French champagne will continue to be readily available in Abidjan's well-stocked supermarkets. Unlike its West African Anglophone neighbours, the Ivory Coast has never experienced shortages even of luxury items. Its convertible CFA franc currency, close French connection and a large Lebanese trading community have ensured that the country is well supplied with a wide range of goods.

France continues to enjoy privileged and profitable trading ties with the Ivory Coast and the other 13 members of the CFA zone nearly three decades after these countries gained political independence.

Last year France recorded a trade surplus of FFr 20.7bn ($3.4bn) with Africa despite an overall trade deficit of FFr 65.8bn ($10.9bn), according to official French figures.

However, France's three main African trading partners—Algeria, Nigeria and Morocco—are outside the CFA zone.

The trade surplus was the first in four years and followed a FFr 0.7bn ($117m) deficit in 1986. The spectacular reversal was due mainly to a sharp fall in French oil imports, especially from Nigeria, Libya, Egypt and Cameroon. Imports from South Africa, mainly strategic metals, fell 41 per cent to FFr 3.4bn ($570m) as the country slipped to sixth major supplier.

Some critics say that French trade with Africa, especially sub-Saharan Africa, is still "colonial" in character. They point out that France imports essentially raw materials in exchange for manufactured goods. Africa's importance as a source of raw materials is shown by the fact that it provides 90 per cent of French supplies of manganese, 86 per cent of aluminium, 68 per cent of phosphates, 48 per cent of its uranium as well as 33 per cent of its oil. In addition, Africa provides about 33 per cent of French copper and 25 per cent of iron ore supplies. Most of the manganese is supplied by Gabon which, with Niger, is also an important supplier of uranium.

Nigeria, Algeria, Libya and Cameroon are the main suppliers of oil and gas. Phosphates are imported mainly from Morocco, Senegal, Tunisia and Togo. Copper is imported from Zaire and Zambia and iron ore from Mauritania and Liberia. French exports also fell last year but by only 14.3 per cent to CFA 79bn ($13.2bn) as Africa remained France's most important export market outside Europe.

The fall in French exports to Africa was mainly due to the decline in purchases by oil producers. However Africa is still an important export market for French flour, pharmaceuticals and railway and mechanical equipment.

Algeria remained easily the largest French export market in Africa, importing FFr 15.9bn ($2.6bn) of goods, more than double the value of Morocco, the second most important. Cameroon was the most important sub-Saharan market with FFr 5bn of imports, ahead of Ivory Coast with FFr 4.2bn and Nigeria with FFr 3.4bn. France remains dominant in Francophone African markets with over 40 per cent of the Cameroon market and nearly 60 per cent of Gabon's. However European, American and Japanese competitors have gradually managed to make inroads into several traditional French markets. Japanese cars have been particularly successful.

French companies continue to enjoy several strong advantages. The triple devaluation of the French franc during the past six years has reinforced the dependence of the CFA zone on France while the French language is another barrier, especially for Anglophone companies

In Ivory Coast the French market share has dwindled to 31 per cent compared with over 60 per cent at independence in 1960. "The decline has been checked since 1980 but there is no room for complacency," a French trade official in Abidjan said.

American oil companies and banks have successfully penetrated the Ivorian market and American interest was confirmed by the first US trade fair in sub-Saharan Africa held in Abidjan recently. The US is the second major supplier to the $2bn a year Ivorian market and the depreciation of the dollar has helped to make American companies more competitive.

"With a bit of extra effort more business can be won here," Mr Dennis Kux, the US ambassador to the Ivory Coast, said. British companies have, however, made little attempt to penetrate Ivorian and other Francophone markets. They account for less than 3 per cent of the over $11bn a year of export trade. French companies continue to enjoy several strong advantages. The triple devaluation of the French franc during the past six years has reinforced the dependence of the CFA zone on France, bankers point out. The French language is another barrier, especially for Anglophone companies. French technical advisers to African governments and the strong official support for French companies are other barriers, observers say.

Despite the advantage of being paid in "real money" many British companies regard the Francophone markets as "too small" and the French competition "too strong." However there are also signs that French exporters and investors, discouraged by the difficulties of doing business in debt and crisis-stricken Africa, are being attracted by the large Asian markets, especially China. Although Asia accounts for only 5 per cent of French exports — against nearly 10 per cent for Africa — the growth potential is dazzling, French officials say.

Chinese trade officials held in corruption drive

BY ROBERT THOMSON IN PEKING

TWO SENIOR Chinese trade officials have been arrested for spending $200,000 to import used equipment originally made in China for a joint venture with a Hong Kong company.

The case has been highlighted as a warning to Chinese officials and foreign business people, and reflects the Chinese Government's displeasure with rising corruption and with the low level of technology transferred by many joint ventures.

According to the official Chinese news agency, Xinhua, the two officials in Yunnan Province, in the south, accepted bribes from representatives of a Hong Kong company that had formed a joint venture company with a radio plant.

The Chinese officials allegedly accepted a car each from the Hong Kong company, which was not named, and allowed the importation of the second-hand equipment in breach of the joint venture contract.

The governor of Yunnan, He Zhiqiang, said the case reflected the "undesirable work style" of some cadres in the province, and he revealed that other officials had allowed the arrested pair to import the equipment after having been given watches by them.

Meanwhile, the National People's Congress standing committee, an élite group of Chinese parliamentarians, yesterday passed a law on technical contracts supposed to protect copyright on imported and invented technology.

Airlines link for information system

By John Wicks in Zurich

THREE airlines — Swissair, British Airways and KLM — are co-operating in the development of a major international information distribution system.

The system, details of which are to be presented at a July 10 conference of the Association of European Airlines (AEA), is said by Swissair to be aimed at providing European carriers and travel agents with a "comprehensive, state-of-the-art" service.

Available to all European airlines, it will incorporate not only flight reservations but also such related facilities as hotel, car rental, rail travel and tour bookings.

Japan may hit back at EC on 'dumping' move

BY PETER BRUCE IN TOKYO

JAPAN yesterday threatened to retaliate against the European Community's decision on Monday to extend anti-dumping duties to the components of products made or assembled in the EC.

Mr Hajime Tamura, Minister of International Trade and Industry, said yesterday the Government would file a complaint with the General Agreement on Tariffs and Trade (Gatt) and was considering taking other "appropriate" action against Brussels.

He said he regretted the EC move and warned that it could damage Japanese direct investment in the Community.

The EC measure was aimed chiefly at Japanese companies that have allegedly tried to circumvent Community dumping laws by establishing local assembly plants but which then continue to use imported parts.

Japanese photocopier producers greeted the EC move with predictable dismay. Toshiba said it would have to raise the local content of the 100,000 copiers it produces each year at its French plant.

Minolta said it was not sure it could meet the new 40 per cent local content minimum at its West German plant. European components were not always reliable, the company said.

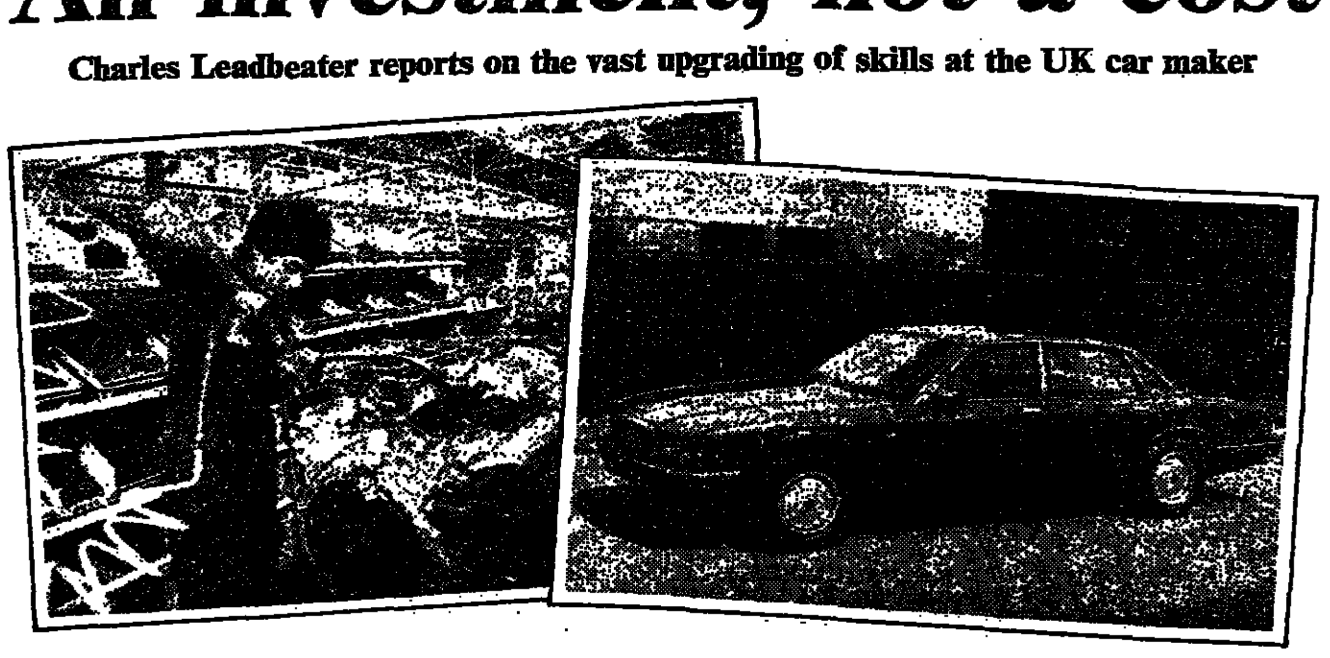
The EC decision is, however, unlikely to hurt Japanese companies producing video-cassette recorders in Community countries.

MANAGEMENT

Training at Jaguar

An investment, not a cost

Charles Leadbeater reports on the vast upgrading of skills at the UK car maker



Jaguar believes it will realise crucial productivity gains from organising specific jobs more efficiently

BRITISH COMPANIES underspend on training; few employers think training is central to their corporate strategy; most are complacent about the amount of training they do; senior executives rarely know much about their company's training programme; few believe training is directly linked to profitability, and there is little pressure on companies continually to improve their training.

These were the damning conclusions of "A Challenge to Complacency" the Coopers and Lybrand report on British employers' attitudes to training, published in November 1985.

While the report's criticisms may still apply to a large number of companies, Jaguar, the top-of-the-market car manufacturer, appears to be a model for the way a company can swiftly develop a wide-ranging, effective training policy.

Paul Morton, the company's training manager, says: "In 1980 we were still training as if we were in the 1950s: in spite of our reputation for engineering excellece we did not have a programme to upgrade technical skills. In the last seven years we have gone through 30 years' worth of development."

Jaguar's programme is impressive; and not just for its range — it covers customer service in the showroom to technical expertise in product design. There are four distinct training programmes for dealers, manufacturing staff, technical staff, and managers.

But over the past seven years the training programme has both *expanded and become* more directed. It is now a central part of the company's development strategy, says Morton. "It *is* a fundamental fact of life. Training is written in at an early stage of every aspect of product development and every new facility. It is no longer seen as a millstone."

Dealer training, for instance, has evolved to reflect the company's changing approach to selling its products. In 1980 the company had 300 UK dealers, selling other British Leyland products along with Jaguars. The Jaguar sale per dealer was relatively low, so after privatisation the company rationalised its dealer base.

It now has only 115 dealers, with most solely responsible for selling Jaguars. "We have to make sure that dealers are treating customers well, because dissatisfaction with the dealer quickly turns into dissatisfaction with the product."

*As well as providing conven*tional four-day courses on selling, product knowledge, and management skills, the company has introduced interactive video workstations at all its dealer premises.

Mechanics and sales staff are able to use the workstations, which are equipped with an array of technical programmes, to learn at their own pace about Jaguar's characteristics. The quality of this interactive video, self-paced learning, is then checked at a truncated training it will have to increase the to send two mechanics home because they have not come up to scratch," says Morton.

A similar approach is in evidence in Jaguar's approach to training on its manufacturing side. The company believes it will have tot increase the number of qualified engineers by about 50 per cent over the next few years, which will draw it abreast of Mercedes Benz and BMW.

"We know that cars are going to become much more electronically sophisticated in the next few years, so we have to start bolting the skills in now to ensure that product development can take place," says Morton.

To achieve this end, the company is spending £38m to establish a training school, to "grow" its own engineers. The investment was part and parcel of the product development plan.

The company is planning a similar programme to upgrade supervisors' skills. Unlike many other manufacturing companies, Jaguar has not introduced multi-skilling among its shopfloor operatives. Instead of encouraging operatives to take on a wide range of tasks, the company *believes it will realise* crucial productivity gains from organising specific jobs more efficiently.

"We believe that the big productivity gains in the future will come from the way that supervisors organise work teams. That means that supervisors have to be more technically skilled: they have to know how £1m pounds' worth of robotics works. But they also have to become better managers, motivators, and facilitators. In the past they have been regulators, enforcers, too often the filling in the sandwich between the workers and the managers. The whole structure of authority and responsibility on the shopfloor is changing and training has to facilitate that," says Morton.

All new supervisors are being put through an intensive six-month training programme, while existing supervisors are having three-month refresher courses.

Beneath these very directed training programmes the company has established an extremely popular open learning programme to build up the foundaton skills of its workforce. It began in 1984 after senior executives visited West German plants and found that the average shopfloor operative *had the equivalent of four* "O" levels. "Our workers are no less able, but perhaps they had less opportunity or desire to learn. So we decided to establish open learning courses to raise their foundation skills," says Morton.

The initial pilot of six courses on subjects like English language, and computer literacy, held on site straight after work, with the costs borne by the company, drew an enthusiastic response, with 85 per cent *attendance levels right till* the end. Since then the courses have mushroomed: 3,025 employees have taken 7,265 courses, putting in 181,000 hours of training. The courses range from first aid, and basic English to welding, robotics, digital electronics, mathematics, engineering degrees and Master of Business Administration.

The courses are delivered through lectures at the three skills centres on each of Jaguar's manufacturing sites, and via self-paced computer-based learning at open learning centres.

The benefits of the programme are beyond doubt but difficult to quantify, says Morton. One indicator is the way the progamme has been voluntarily used by staff to ease through changes in technology. Two years ago, for instance, staff from the accounts department signed up en masse for a computer literacy/wordprocessing course in anticipation of the introduction of a computerised accounts system. When the system was introduced 18 *months later foundation* training was cut to a minimum.

The extensive open learning programme highlights the importance of training being integrated with other aspects of the business. Its benefits at Jaguar come not just from a specific amount of training but from the way it fits with its industrial relations and emerging corporate culture.

"It has helped to engender a culture of participation, involvement and openness to change," says Morton. Developing management training is also crucial to this. On top of the traditional management skills of negotiation, financial control and planning, Jaguar is using its courses to develop a more open, cummunicative management style.

Morton notes: "Top management commitment to training is essential. Major training decisions, such as that we should develop our supervisors, are taken at board level. That championing of training within the company is vital."

The flexible open learning programme compliments the *specifically tailored training* delivered to craft engineering and management apprentices. People are taken on with a specific idea of where the company needs them, rather than shunting them around in the name of flexibility, says Morton.

Jaguar's ability to plan its training is facilitated by well established trends in product and process innovation and the relative stability of its market. "That is something we have to protect—it's not God-given. We could easily *face a change in* trade, protectionism in the US, and a Japanese onslaught on the upper end of the market. Reacting when it happens is too late; we have to ensure we are far enough ahead to make competi*tion less attractive,"* says Morton.

Training is now regarded as an investment, he says, though it may be accounted for as an expense. Nevertheless, he expects training would be cut in a downturn though he insists the company would quickly make up shortfalls once conditions pick up. Critics of companies' training spending should judge it across the cycle, he says.

For all its sophistication, *Jaguar's programme will come* under pressure to change in the future. Morton is worried that the Government's Youth Training Scheme has done little to make up for the savage decline in apprenticeships. "There is *still too little quality investment* in young people across the board," he says.

(In 1981, Jaguar had no apprentices; today it has 100 out of a workforce of 1,100. Each year it takes on 275 Youth *Training Scheme trainees,* nearly half of whom become full-time employees.)

The industry will also have to adjust to the likely fall-off in graduates by making itself more attractive to women.

Despite its evident success, Morton recognises that there would be tremendous problems in trying to apply Jaguar's style to the rest of the industry. The company is opposed to the introduction of more stringent levies on companies which train too little. But Morton admits that without some external stimulus many engineering companies would do little or no training at all.

It seems that until the Government, the Manpower Services Commission, employers and trade unions grasp the nettle of how to create a "training culture," Jaguar will remain a shining but all too rare example of how to train.

Management abstracts

Research trade show effectiveness. K. Bertrand in Business Marketing (US), March 1987 (5½ pages)

Examines the growing trend towards undertaking formal research to assess a show or exhibition's effectiveness; looks at how Caterpillar conducted a study of one particular show in Las Vegas, which gave "a real good picture of what went on." With the assistance of a research company, Caterpillar devised a post-show questionnaire which was given to a sample of those attending. The *findings showed that much of* the audience was their "kind of customer" and therefore has helped in deciding on future exhibiting. There were also indicators that exhibit personnel were underperforming, because they had not been trained for the job. Reports, as well, on a similar venture by Combustion Engineering, which involved telephone interviewing before, immediately after, and five months after the show.

Toxic processes: a commonsense approach. S. Grant in Chartered Mechanical Engineer (UK), February 1987 (3½ pages)

Advises that dealing with toxic processes should start with a recorded *assessment of* the health risk to employees from all substances in use; explains that exposure to such substances must either be completely prevented or adequately controlled; stresses the import*ance of workplace cleanliness* and recommends attention to personal facilities, eg washrooms; notes the importance of providing employees with training and information about monitoring and health surveil*lance.*

Brainstorming with external advisors. G. Whatley in Chief Executive (UK), March 1987 (2 pages)

Describes how the packaging division of Robinson & Son, *with a commitment to developing* new ideas, recruited a group of experts to assist senior management in their quest for innovation. The two sides got together at an hotel for a weekend and the experts included *those in design and marketing* as well as a journalist; notes how they have benefited, how questions of confidentiality have been overcome, and how to conduct such a session.

Humour in the office. J. Krohe in Across the Board (US), February 1987 (5 pages)

Notes the increasing popularity of humour "consultants" going into companies, the aim being to increase productivity *by creating* a less-tense atmosphere: points to the role of humour in creative problem-solving; looks at how traditional organisational hierarchies make an impact on the ability to be humorous, which explains why lower-level employees remain dour—for political reasons—when confronted by senior management; outlines some of the difficulties with trying to be funny, such as causing offence.

Understanding workaholism. *B. H. Kleiner and G. Francis* in Business (US), Jan/Mar 87 (3 pages)

Seeing workaholism as an addiction, similar to those of alcohol or drugs, describes the workaholic as someone who *works for work's sake,* not for results, and as someone interested in the substance of work rather than the job or title; looks at the root of the problem and susceptibility to illness, and sees the workaholic's family as being the real sufferers (workaholics have expressed satisfaction with their jobs and the rest of their lives); gives advice on how the family can cope.

A Piller punch for computer pirates. A. Sharpe in Australian Accountant (Australia), Feb 87 (3 pages)

Discusses the implications of the Anton Piller case in the UK in 1976, which gave rise to allowing those who suspect their computer products—particularly software — are being pirated, to obtain a court order without defendants knowing beforehand. This can enable entry to premises, search for infringement of copyright and *removal* of products, so as to preserve them for inspection at the subsequent trial. Stresses that plaintiffs have to be pretty sure of their actions.

Silence isn't golden during takeovers. *K. Bertrand in Business Marketing* (US), Feb 87 (6 pages)

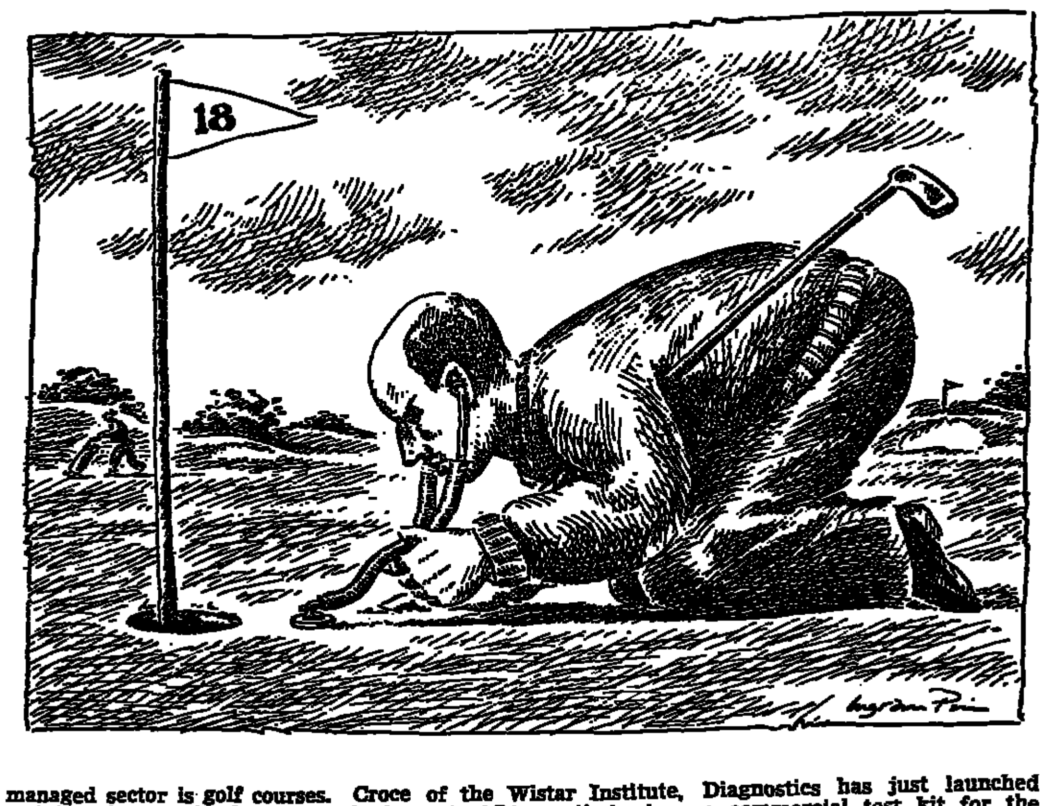
Remarks on the need for communication at the time of a takeover or merger in order to allay suspicion and prevent *rumour-mongering. In the con*text mainly of friendly takeovers, offers examples of advertising, investor/public relations, employee/customer communications adopted by the likes of Unisys (Burroughs and Sperry); *touches on requirements in a* hostile takeover situation, citing Sir James Goldsmith's attempt for Goodyear Tire and Rubber.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p & p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

TECHNOLOGY

Crop doctors hit the fairway

David Fishlock looks at the golf-course venture which could lead to more efficient world food production



IT SHOULD soon be possible to buy at your favourite garden centre a simple test kit which will tell lawn-proud gardeners just what ails their grass. It may even warn them of troubles they cannot yet see, and advise how turf diseases should be treated.

A US biotechnology research company has invented such a kit using monoclonal antibodies, exquisitely specific agents which allow any disease—in man or plant—to be identified. This new kit can say yea or nay to a particular grass sickness, and can also indicate just how bad things have become. Thus the diligent gardener can instigate a course of lawn treatment and judge how it is progressing.

DNAP Plant Technology of *Cinnaminson*, New Jersey, the kit's inventor, has tested its product during the past year on golf courses in the US. Rodney Sharp, scientific director and executive vice-president, claims golf courses are a good place to start transferring this new high technology into the consumer market because they place a very high premium on the health of their turf and have professionals in charge who will tell the company's scientists just how well the kits are performing.

Until 1981, Sharp ran a long-range laboratory for Campbell's Soups. Then Wall Street and the City persuaded his team—with parent company backing—to become an independent biotechnology venture specialising in plant sciences.

DNAP's specialties include new fruits and vegetables with characteristics its clients believe will be more closely in tune with big food markets. One is the "high-solids"—and bouncy—tomato which DNAP claims is near to perfection for making tomato soup.

Lawn care is DNAP's first *step* towards crop protection technology that complements the company's ideas for biologically modified crops. "We see it moving forward right into the areas we know best," says Sharp. It should also come into production quicker than some of his targets. He be*lieves major changes in food* crops may still take 15-20 years to bring about, even though his new biotechnologies are accelerating scientific progress.

He sees this long road leading both to tests homeowners can carry out on their lawns *and to a much wider spectrum* of tests for plant pathogens (diseases) in more commercially valuable crops. The company has a research contract from Ciba-Gigy, the Swiss chemical group, to expand the testing idea to cover major fungal diseases in several species of plant.

The same principles apply to *DNAP's ideas for tests that* will allow growers to monitor levels of pesticides present in crops, and make more efficient management decisions about when these protective measures need to be applied. Similarly, for the seed industry such tests should simplify the procedures of indexing and certification. It may even prove possible to identify particular trends in breeding programmes in this way.

Further into the future, as more is learned of the genetic *make-up of plants* — currently at a more primitive level than scientific understanding of human genes — there lie such possibilities as tests for incipient stress caused by malnutrition or over-feeding, and tests that pinpoint exactly when a crop is mature.

Armed with such information, the time-honoured craft of the grower will be transformed into a truly science-based industry.

The trail to lawn care began in Cambridge in 1975, when the Nobel prizewinning discovery of the *hybridoma* technique showed a convenient way of making monoclonal antibodies. The discovery was swiftly picked up by US research centres, among them the Wistar Institute in Philadelphia, close to DNAP's labora*tories*.

Tests that could diagnose some plant diseases — mainly virus diseases — were already *known*, but these used a *serum* containing polyclonal antibodies, a mixture which was much less specific and also of variable quality. The hybridoma technique for making monoclonal antibodies could pick out a single pathogenic organism, and opened the way to much wider commercial possibilities.

DNAP scientists concluded that, of several possible test methods, one called Elisa best satisfied criteria for agricultural use. It involves no radioactivity, for example, and *avoids* use of sophisticated instruments. Yet it can be extremely sensitive and thus spot a disease in its early stages.

Elisa is an acronym for enzyme-linked immuno-sorbent assay. It is a way of amplifying the merest trace of a substance such as a toxic molecule or a pathogenic organism, containing the antigen which calls up the antibody. *It not only amplifies the antigen's presence* but displays it in the form of a blue colour, the depth of which is some guide to the severity of the problem.

The scientific trick is to make the antibody specific to the antigen of interest, and then link it with a suitable enzyme that will catalyse (amplify) its reaction with the antigen.

DNAP identified turf grass as a high-value, perennial crop with particular disease problems, the importance of which might justify the expense of a *simple system of diagnosis. Turf* diseases have been notoriously hard to identify, but fungi, bacteria and viruses are all responsible for common problems. Fungi such as pythium and fusarium go for the grass roots, causing brown or yellow patches once the infection is established. Others go for the crown or leaf. Often more than one infection is present, but it can be difficult to say which *dominates or whether the* real culprit is in fact hiding.

Through a joint venture called Agri-Diagnostics Associa*tion, based at DNAP's labora*tories at Cinnaminson but 60 per cent owned by the US engineering group Koppers, the biotechnologists deduced that there were three major segments to the market for turf grass. They are golf courses, professional lawn care services, and the *domestic garden*.

Of these, the most intensively managed sector is golf courses. DNAP discovered there are 13,000 in the US. It seemed the right sector in which to try out ideas for a kit that claims to detect three major fungal disorders, all amenable to treatment if positively identified. They are pythium blight, dollar spot, and brown patch.

Helped by international experts in the use of monoclonal antibodies — such as Hilary Koprowski and Carlo Croce of the Wistar Institute, both on Agri-Diagnostics' scientific advisory board — the biotechnologies developed a test kit for these three diseases. Moreover, the tests need no instruments or prior training. The disease is revealed as a purple spot on the tip of a "dipstick" and its severity can be judged from the depth of colour.

As a result of its trials on golf courses last year Agri-Diagnostics has just launched a commercial test kit for the three fungal diseases. It claims they can all be detected this way before any visible signs appear to mar the turf. Initially, the company has aimed its efforts at an area of the US close to its *laboratories*. This embraces about 900 golf courses, and the idea is to "bring the lab to the lawn," says *Steve* Banegas, Agri-Diagnostics' general manager.

WORTH WATCHING

Edited by Geoffrey Charlish

How PCs can be told what to do

CHERRY ELECTRICAL Products of Harpenden in the UK is offering a 1000-word speech recognition system which allows users of the IBM personal computer (models XT and AT) and compatible machines to speak input commands rather than key them in.

Voicescribe 1000 costs £720, including a plug-in board for the PC, recognition software (written by Dragon Systems of the US) and a noise-cancelling microphone headset. The package also includes software drivers for a number *of popular* PC *application* programs.

For a given speaker, the machine has to hear each word four times and will then deliver a recognition accuracy of 99.3 per cent.

Stray radio waves kept from circuits

CANADA-BASED telecom specialist Bell Northern Research has devised an improved computer-aided design tool for electronic circuit designers. This will identify and analyse stray radio emissions during the design phase of a *printed circuit* board (PCB).

The system is called Ensim. It combines circuit design *with simulation, but also* allows the engineer to minimise electromagnetic radiation from the board. The software tool simulates a circuit's emissions, based on the geometric and electrical descriptions of the PCB design.

All circuits carrying pulse currents emit harmless levels of radio waves. These can interfere with other equipment and must be minimised. Modern, faster circuits tend to emit even more signals so Bell Northern believes the *tool will become increasingly* useful.

French display muscle machine

A PORTABLE medical unit, which combines several kinds of electromyography (EMG) equipment with a personal computer, has been developed by French company Racia of Le Bouscat (Bordeaux). Electromyography is concerned with the study of muscle and nerve electrical activity in relations to disease.

The Racia unit, designated EMG 21P, is a highly specialised portable computer, with screen, keyboard and thermal printer built in. Each kind of EMG test can be programmed by the doctor, and during an *investigation* the results (up to four traces at once) can be seen on the screen as they occur. In addition, three seconds of activity can be captured in the machine's memory. The unit will also analyse the results in a number of ways in order to maximise their interpretation.

Chemicals plucked from the atmosphere

THE POLYURETHANE foam industry, which usually vents chlorofluorocarbon solvent vapours *into the* atmosphere during the production process, is the target of a system being developed by Hyman of the UK with Department of Trade and Industry support. The process, Vertifoam-Hypercure, allows these chemicals to be re-cycled.

Release of such chemicals into the air is believed by some experts to be destroying the ozone layer in the earth's upper atmosphere, allowing the penetration of harmful elements in the sun's rays.

Hyman has developed a high-speed production process for polyurethane foam which uses fast, tightly controlled curing, and allows the total production time to be reduced from about 14 hours to 40 minutes. The process, which uses an activated carbon *absorption system, has made* recovery of the chlorofluorcarbons a particle proposition, says Hyman.

Visions of the perfect packet

THE OUTSIDES of packages and containers, the extent to which they have been filled and the labels on them can all be checked using a microprocessor-controlled vision system from UK company Inex Barry-Wehmiller of Altrincham, Cheshire.

The product is being offered as a result of the acquisition of the manufacturer, Eaton Corporation of Milwaukee, by Inex Vision Systems.

Known as QR4000, the system has already been used in the US food and pharmaceutical industries. It can *perform 100* per cent quality inspection of rigid packages for any deviation from a set standard, including label *defects/positioning*, cap closure and "fill height" in transparent containers.

The system works by comparing images from multiple cameras with a perfect standard. Non-conforming items can then be removed from the production line while inspection is in progress. The QR4000, it is claimed, can deal with more than 800 items a minute.

Business boost for European telecoms

THE BUSINESS telephone market in Europe should grow from $641m this year to $1.34bn by 1992 according to Logica, the UK electronic systems and software house.

This 15 per cent per annum growth will result partly from new, shorter product lifetimes. Handsets that once had a life of 20 years are being replaced every 11 to 16 years and this will drop to seven to 12 years by 1992, says Logica.

Technological *innovations* like ISDN (integrated services digital network) will need more advanced instruments and there is also a trend towards higher priced business phones with more facilities.

The move, now growing in Europe, towards open markets instead of state monopolies in telecoms should result in economies of scale for the large makers, says Logica, which has published its findings in Telematica, its multi-client market information service.

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Water industry divided over state sell-off

BY RICHARD EVANS

THE 10 water authorities in England and Wales are divided over their approach to privatisation of the industry, with Thames Water, the largest and most profitable, fiercely resisting the Government's latest proposals.

Mr Roy Watts, chairman of Thames and the industry's leading exponent on privatisation, said yesterday that the Government's plans for a National Rivers Authority to take over regulatory and river management functions would be "misconceived and expensive and a recipe for inefficiency and conflict."

He intends to campaign for the withdrawal of the National Rivers Authority idea and for its substitution by a much smaller regulatory authority that would preserve intact the concept of the integrated river basin.

Mr Watts has the support of some other authority chairmen, including Mr Malcolm Anson of Wessex, but others see some merit in the Government's change of stance.

Mr John Bellak, chairman of Severn Trent, has welcomed the proposals, arguing they would remove any confusion between legitimate *commercial operations and those* activities which were legitimately matters for public authorities. He believes the principle of integrated river basin management would be continued.

Mr Gordon Jones, chairman of Yorkshire Water and the Water Authorities Association, has expressed *irritation at the lack of consultation* by the Government, but believes that the new proposals could form the basis of a viable privatisation scheme.

The main privatisation legislation for the 10 water authorities will not be introduced until the 1988–89 session, but there will be paving legislation in the coming session, and a decision on the fundamental structure will have to be reached in a matter of months. The negotiations promise to be long and bitter.

Mr Watts believes this would shatter the concept of the integrated river basin, which has been one of the success stories of the water industry and is the envy of other countries. He estimates that it could cut as much as £10m off the value of Thames Water because of the adverse impact it would have on the authorities' growing overseas business.

Electricity tops list, Page 13

MIRROR GROUP CHIEF IN CLOSE BATTLE WITH MURDOCH

Newspaper may change ownership

BY RAYMOND SNODDY

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers, is the favourite candidate to take control of Today, the loss-making daily newspaper founded by Mr Eddie Shah.

But Mr Maxwell has been in a close battle with his old rival Mr Rupert Murdoch. At stake, apart from ownership of the title are colour presses at Poyle, near Heathrow Airport London and at Birmingham and Manchester. These can offer instant colour.

It is believed that Mr Roland "Tiny" Rowland, chairman of Lonrho, has been seeking a buyer for the newspaper for several weeks. Mr Murdoch is understood to have offered around £22m, much less than Lonrho wanted.

The company's aim was for a purchaser to take on the accumulated debts of Today since its launch nearly 18 months ago. This would mean sums approaching £50m.

Mr Maxwell's offer, like Mr Murdoch's, includes a commitment to continue publishing Today. Both would like a middle-market tabloid to complement their existing titles.

The Maxwell offer, it is believed, goes further towards meeting Mr Rowland's wish to have the accumulated debts of the paper paid off.

The deal with Mr Maxwell was supposed to have been signed yesterday but it hit an unexpected problem and the decision on whether or not to sell Today may *now hang in the balance.*

Mr Paul Spicer, a Lonrho director, said yesterday that bids had been received for Today, but none was satisfactory. Today, he said, had not been sold.

He refused to say whether this meant that Mr Rowland had decided to keep the paper.

Circulation has risen by modest amounts in each of the past five months

Mr Murdoch has recently begun printing 1m copies a week of the News of the World on Today's presses

Pressure on miners to accept six-day working

BY CHARLES LEADBEATER, LABOUR STAFF

PRESSURE increased yesterday on the National Union of Mineworkers (NUM) to accept the introduction of six-day flexible shift production at the planned Margam mine in South Wales, after British Coal said it would consider negotiating with other unions.

Mr John Northard, the corporations's director of operations, told the Union of Democratic Mineworkers (UDM) annual conference at Weymouth that the corporation would consider offers from other unions should the NUM conference *next month vote to block the plan.*

Previously, British Coal said that the project would not go ahead if the NUM rejected its proposals. A move to negotiate with other unions would represent a radical upheaval in the industry's industrial relations. The South Wales leadership of the Transport and General Workers' Union, the EETPU electricians union and the UDM, have said they would organise miners at Margam and accept flexible shift patterns.

British Coal said six-day production was needed if Margam was to make an adequate return on the planned £90m investment. Miners *would not be required to work longer* hours over the year.

However, Mr Northard said he believed the South Wales NUM, which has already accepted the concept of six-day production, would go ahead with the plan even if the union's national conference rejected the proposals. Mr Northard said it was not a foregone conclusion that the conference would veto the South Wales project.

While Mr Arthur Scargill, the NUM president, is strongly opposed to the introduction of flexible shifts, other senior figures, such as Mr *Mick McGahey the retiring vice* president, believed the union should negotiate with the corporation over the proposals.

Mr Roy Lynk, the UDM president, said that while the union would consider organising at Margam he was more interested in building up its strength in the Midlands.

The UDM conference voted overwhelmingly to hold a ballot of its 25,000 members on setting up a political fund. Mr Lynk said the fund, which could be worth up to £100,000 a year, would not be dedicated to any political party. He said it would be *used to support* election candidates on their merits.

Civil Service unions split on future pay claim tactics

BY JIMMY BURNS, LABOUR STAFF

LEADERS OF the two Civil Service unions involved in the 11-week campaign of industrial action over pay, yesterday announced that they had split on future tactics and would no longer pursue a joint strategy.

The break-up of a tactical partnership representing 235,000 civil servants is expected greatly to reduce the impact of industrial action at Government buildings, customs, and tax and unemployment offices and may represent the beginning of the end of the strike.

Mr John Ellis, the moderate general secretary of the biggest civil servants union, the Civil and Public Servants Union (CPSU), said yesterday that his 149,000 members would be balloted between July 6 and 7 over all-out strike action beginning on July 20.

However, Mr Leslie Christie, general secretary of the 86,000-strong Society of Civil and Public Servants (SCPS), said his union was suspending all further action as from yesterday in an attempt to resume early negotiations with the Government.

Union officials indicated privately that the withdrawal of the SCPS would add fuel to the simmering dispute within the leadership of the CPSU which itself indicated yesterday it was divided over future strategy.

Significantly, Mr Ellis admitted that he had "no great confidence" in achieving a "yes" vote, but was not prepared to resign. "I expect I shall have to stick around to pick up the pieces," he said.

During a day he described as "incredibly gruelling and arduous," Mr Ellis was overruled in his arguments against all-out strike action by *the hard-left majority* on the CPSU's executive. The executive voted 17-7 in support of a national ballot next month and for continuing the current campaign of selective "rolling" industrial action.

Yesterday's meeting followed the collapse last week of discussions between the two union leaders and the Treasury aimed at bringing about an improvement in the basic offer costed at 4.6 per cent by adding a long-term agreement on pay flexibility.

The Treasury had hoped to make a radical agreement along the lines of the one reached with the ICPS scientific and specialist staff unions in April.

This provided for a simplified grading structure based on a single national main scale, which would have paved the way for regional pay variations. However, no specific pay offer was made in addition to the original one.

Plans for inner cities run into opposition

BY HAZEL DUFFY

LORD YOUNG, Trade and Industry Secretary, is already running into opposition from other ministries in Whitehall notably the environment department in his bid to lead the Government drive to revive the inner cities.

Mr Nicholas Ridley, Environment Secretary, is said to be displeased that his Cabinet colleague seems to be advocating some sort of review of urban policy.

"It's just not the way Whitehall works. It is one thing to review programmes in your own department, but quite another to suggest a review which would cover a wide range of policy interests in other departments," said one civil servant.

Lord Young, stressing the need for people to become involved in self-help business schemes and co-operatives, said the Government would do all it could to help.

Art Galleries

Life insurers seek wider disclosure over AIDS

BY ERIC SHORT

PEOPLE SEEKING life assurance, particularly single men, may be required to disclose details of their personal life on application forms.

This is likely to be the recommendation from the working party set up by the Association of British Insurers (ABI) to investigate the problems of AIDS (Acquired Immunity Deficiency Syndrome) and life assurance, when it reports in the autumn.

This was revealed at yesterday's annual meeting of the ABI, the trade association of insurance companies operating in the UK.

Most life companies already ask a specific question on AIDS in their proposal forms. But it is felt that more needs to be done to help identify potential AIDS victims if the UK life assurance industry is to avoid the problems imposed by AIDS on US life companies.

Insurance companies in the UK collectively had their best trading result last year on worldwide general insurance business, according to figures issued yesterday by the ABI.

Mr Brian Corby, chief executive of the Prudential Corporation and outgoing chairman of the Association, said that the corrective measures taken by companies over the past two or three years had resulted in a £1.1bn overall trading profit in 1986 against a break-even position in the previous year.

Underwriting losses had been cut from £2.2bn to £1.4bn while investment income had grown from £2.2bn to £2.5bn. Underwriting results of fire and accident business had improved significantly, particularly in the US.

However, Mr Corby pointed out that motor insurance was still giving companies cause for concern particularly in the UK.

He referred to the rising number of claims made on motor insurance, both from accidents and theft and vandalism, which had resulted in underwriting losses of £370m last year, the same as in 1985.

Although higher motor insurance premiums were leading to an improvement in the account, he warned motorists to expect further increases in motor premiums well above the rate of inflation.

The association revealed that it would be running a publicity campaign in the autumn on the new pensions environment.

This would take the form of countrywide seminars that would explain the new-style personal pensions being introduced and why life companies, with decades of experience, were better placed to provide personal pensions than banks and building societies, which have just entered this field.

Arthur Smith looks at the fight for survival of a once proud West Midlands manufacturer

The long decline of Lucas Electrical

LUCAS ELECTRICAL, Birmingham-based supplier of everything from windscreen wipers to indicator lights to a booming UK car industry, was once the profitable pride of the West Midlands.

When Mrs Margaret Thatcher first came to power in 1979 the division had 13 factories and 17,000 workers. But the axe has been wielded widely since then, with a haemorrhage of jobs and closures that has seen the workforce shrink to about 7,300.

In recent weeks the pace of retrenchment and disinvestment has hotted up. Lucas has ceded the market in dashboard instruments to the Japanese and is to run down a business in South Wales that employed 700.

The lighting division, with 1,700 workers is to be sold to an Italian associate. A subsidiary of Fiat, the large Italian car group, is favourite to take over the Birmingham factory making starters and alternators.

Over the next 12 months Lucas Electrical could slim down to a rump of little more than 2,300 workers – and those in businesses seeking international partners to remain viable.

Management at Lucas Industries, the holding company which now expects future growth in high technology markets, particularly aerospace, seems to have become progressively disillusioned with the car-based electrical business.

There has been a constant drone of complaints about the difficulty of competing, given a declining UK car assembly base, against West European electrical giants like Bosch of West Germany and Valeo, Matra and Bendix of France, all of which can rely on solid home markets.

The squeeze on price and the speed of technology development has merely been intensified by the inroads into European markets of emerging companies

The survival strategy of breaking away from dependence upon the UK and seeking international markets has been obvious for almost three decades. Lucas Girling, the brakes division, moved into West Germany in the late 1950s to be followed quickly by Lucas Cav, the fuel-injection operation, which went into France. Both have established manufacturing and sales networks in Europe and the US.

Lucas Electrical's international ambitions have been declared, only to splutter and collapse. In the early 1960s as Britain agonised over the merits or otherwise of membership of the Common Market, Lucas Electrical formed a joint company, Ducellier, with Valeo of France, to seek a pan-European strategy for starters and alternators.

LUCAS ELECTRICAL

PRODUCT	LOCATION	PRESENT EMPLOYMENT	PROSPECTS
Lighting	Cannock, Telford	1,700	Sale to Corrello, Italy
Instrumentation	Ystradgynlais	700	Rundown
Engine Management	Birmingham	1,000	European partnership
Starters and alternators	Birmingham	1,600	Deal with Magneti Marelli, Italy
Batteries	Birmingham	500	International collaboration
Switches	Burnley	600	European partner
Small motors, wipers	Birmingham hq	1,200	Rundown
		7,300	

The unhappy union was eventually ended in 1984 with Lucas resorting to a national strategy under which it would embark on a five-year £15m Government-backed investment programme involving dramatic changes in manufacturing, work practices and products. The aim was to cut unit costs to such a point that it could serve its main UK customers, Ford and Austin Rover, better than the volume manufacturers overseas.

Some three years into that programme Lucas is now talking about joint ventures with Valeo, Bosch and Nippon Denso and with Magenti Marelli, the motor components holding subsidiary of Fiat, the front-runner for any deal.

The logic of such a tie-up is the same as Lucas gave a few days ago for the proposed sale of its lighting business to Fausto Gorello, a privately-owned Italian company in which it has had a 40 per cent shareholding since 1972.

Lucas said the Italian company had the concentration of management effort and resources necessary to be competitive and attack markets in Europe and the US.

Lucas has been at pains to re-assure the stock market that it will take tough action to cut out the loss-making operations within Lucas Electrical which, according to some analysts, suffered a pre-tax loss in the year to July 1986 of about £20m.

Brokers suggest a loss this year somewhere between £10m to £15m, but believe that break-even at the operating level might have already been achieved in the final quarter.

The rundown of the Great King Street headquarters in Birmingham, which will result in the loss of about 1,200 jobs, is already well underway.

But crucial to the loss-cutting is the decision to pull out of the dashboard instrumentation business at Ysiradgynlais, a factory in South Wales that is almost the sole survivor of an ill-fated joint venture announced in 1983 with Smiths Industries to seek expansion in European markets.

Of the businesses that will remain, batteries has been slimmed down to just 500 workers in Birmingham and is back in the black. A joint venture in South America with Yuasa of Japan is likely to form the model for international collaboration elsewhere.

The switchgear company, employing 600 at Burnley making switches and indicators, is also profitable, but a European partner is seen as the way to further growth.

Lucas does, however, have great hopes for its engine management systems division with three factories employing 1,000 in Birmingham. Lucas is seeking a partner to open up markets for products which it believes can score in a fast-growing sector against dominant suppliers such as Bosch. The engine management operation could be the last survivor of the once mighty Lucas Electrical.

Threat of national dock strike grows over Greenock closure

BY JIMMY BURNS, LABOUR STAFF

THE THREAT of a national docks strike re-emerged yesterday when local dockers in western Scotland rejected a revised formula for the future of the Greenock container terminal drawn up by the Clyde Port Authority.

The rejection came as a surprise blow to the authority which, earlier this week, expressed confidence that it had devised an acceptable peace formula based on an increase in severance payments and a delay until mid-August in its planned closure.

Late yesterday the authority was again meeting union leaders in a further attempt to strike a compromise agreement that could be sent for consideration by the 66 dockers who stand to lose their jobs at the terminal.

The Transport and General Workers' Union (TGWU), representing about 10,500 dockers in Britain is planning to hold a delegate conference in London tomorrow to consider a recommendation for a national strike.

"We have made some progress... but we are running out of time," Mr James Gilligan, the Scottish docks group secretary of TGWU and one of the union leaders negotiating with the authority said yesterday.

Earlier, the authority had offered to increase the maximum severence payments available from £25,000 to £35,000. It had also agreed to delay until August 14 the closure of the terminal which was planned orginally for June 30.

However, it is understood that local dockers rejected the proposals on the basis that they did not contain sufficient guarantees for those colleagues who refused the severence payments.

The authority has said that there is alternative local employment available for only six of the 36 dockers, and has indicated that the rest will be placed on a temporary unattached register.

The TGWU fears that the effective creation of a pool of casual labour will pave the way for similar moves by employers throughout the country and undermine the job security offered by the 40-year-old National Dock Labour Scheme.

The 10,500 dockers registered with the scheme handle some 80 per cent of Britain's seaborne trade.

Trade unions braced for 'attack by Government'

BY OUR LABOUR STAFF

TRADE UNIONS must prepare themselves for further attacks from the re-elected Conservative Government, according to Mr Jimmy Knapp, general secretary of the National Union of Railwaymen (NUR).

In a report to the union's annual conference in Dundee, Scotland next week, Mr Knapp praises the efforts and support given by NUR members to the Labour Party in the general election campaign, although he says that "the outcome must fill us all with dismay."

But Mr Knapp says that the "reawakened political awareness" of the union's membership as a result of the election provides some basis for continued action by the union.

However, he gives a warning that "we must brace ourselves for yet further attacks upon the whole concept of trade unionism from the Government. Our organisation and procedures will be sorely tried in the days ahead."

The NUR says that British Rail has abandoned its own proposals for its long-standing 'traincrew' concept, merging some duties of drivers and guards, in favour of those put forward by the joint union Rail Federation, made up of the NUR and the train drivers' union Aslef.

A joint working party will now examine the unions' proposals, which recommend the continuation of existing parallel lines of promotion, guards having the opportunity to train as drivers' assistants with drivers and their assistants having a reciprocal option, a planned approach to training, and the filling of vacancies by seniority.

UK NEWS

Nissan raises £305m to boost dealer network

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

NISSAN UK, the privately-owned importer of vehicles from Japan, has negotiated two credit lines totalling £305m with 20 international banks.

The money will be available to its rapidly-expanding subsidiary, Nissan Finance, to help expand the company's dealer network.

Nissan UK has spent £75m in the past two years to strengthen the network for an expansion of sales when the Japanese group's new British factory, at Washington in Tyne and Wear, North-East England, comes into full production.

The financial package, arranged by Mr Kleinwort Benson, involves a committed revolving credit facility of £205m provided by seven banks and a tender panel, which is uncommitted, to provide a further £100m.

Mr Octav Botnar, executive chairman and founder of Nissan UK, said his company would obtain funds as required from the banks offering the most competitive rates at the time.

The package will replace a £120m syndicated facility and an £80m acceptance facility with Midland Bank.

Nissan Finance currently has receivables totalling £311m, almost double the £164m at this time last year.

During the past two years Nissan UK has set up 120 outlets by offering low-cost loans and premises to would-be dealers. Changes to the rest of the network have left the company with about 300 main dealers. It eventually wants to increase this to about 350.

Nissan UK also expects dealers to balance their business by selling one used car for every new one.

The company expects to sell about 110,000 cars this year, but is preparing for a surge in 1988 when the Washington factory should produce about 40,000 cars – qualifying as "British" for the first time. The 25,000 cars to be assembled in the UK this year from kits count as imports under the terms of the unofficial agreement restricting vehicle shipments to Britain from Japan.

Mr Botnar said he hoped to maintain imports at their current level next year, while also selling the bulk of the Washington output, of which between 5,000 and 10,000 will be exported.

The medium-term objective is to build up the dealer network so that it is capable of taking Nissan's share of the UK new car market from the present 6 per cent to 10 per cent when the British-built cars are available.

Cabletime wins order for French TV network

BY RAYMOND SNODDY

CABLETIME, the British manufacturer of cable television switches, has won a significant order from a large French cable company planning to construct a 500,000 home cable network in north eastern France.

The company will begin supplying its British made switches to Region Cable, whose ultimate owner is the large French utility Generale des Eaux, in September.

The preliminary order is worth £750,000 but Cabletime, a subsidiary of the British high technology group UEI, says it has an exclusive deal which should lead to further substantial orders.

Region Cable plans to spend over £100m on its cable networks within the next five years.

Mr Len Mann, managing director of Cabletime, said yesterday: "This is a very significant contract for Cabletime as Region Cable are undertaking one of the largest investments in cable TV in Europe."

As part of the contract Cabletime will be manufacturing the switch, which serves 16 cable television subscribers from one switch point usually in small cabinets in the street, in France from 1988.

Cabletime also supplies switches to Windsor Television, the British cable television operator in which Companie General de Chauffe, another Generale des Eaux company has a 20 per cent stake.

Electricity tops privatisation programme says Parkinson

BY LUCY KELLAWAY

MR CECIL PARKINSON, Energy Secretary, yesterday spoke out in favour of the privatisation of gas and electricity industries, in his first speech since returning to the cabinet.

He praised the record of British Gas since privatisation last October, saying that the corporation had achieved both price cuts and record profits.

The 4.5 per cent reduction in prices announced last week by British Gas confounded the critics of privatisation, who had feared that privately-owned monopolies would push up their prices to boost profits, he said.

Mr Parkinson reiterated the Government's commitment to selling off the electricity industry saying it was at the front of the privatisation programme.

However, he said that the sale of the industry, which consists of 12 area boards and the Central Electricity Generating Board, would be the most complicated sell-off yet.

He said that a "great deal of hard work" was underway on the privatisation, but it was too early to set a timetable for the sale.

Mr Parkinson was speaking at an international energy conference in London organised by the Queen Mary College and the School of Law at the University of Texas.

Cecil Parkinson: praise for British Gas

Companies find profitable base in West region

By Hazel Duffy

OVERSEAS-OWNED companies located in Devon and Cornwall, in the west of England, are very pleased with the performance of their workforces, according to a survey prepared for the promotion agency for the two counties.

Thirty two companies took part in the survey, representing 80 per cent of overseas-owned manufacturing plants in the region. All of them said their workforces had been found to be above average in their flexibility and adaptability to working practices.

Two-thirds of the companies are non-unionised. Of the unionised plants, none operated a closed shop and 80 per cent had a no-strike agreement.

More than half of the companies had been established in Devon and Cornwall for over 25 years, and a quarter of them located there between 1970 and 1980.

Most companies rated the profitability of their plants in the region as at least as good or better than other plants in the group, and three out of five had firm investment plans.

The Devon and Cornwall Bureau said the findings would enable it to promote the region as one in which companies could be assured of getting the right type of recruit and high profitability coupled with a low absenteeism rate.

Indicators suggest further growth

BY JANET BUSH

THE GOVERNMENT'S leading indicators of economic activity remain difficult to interpret but appear, if anything, to point to further growth, according to the Central Statistical Office (CSO).

The problem with the longer and shorter leading indicators has for some time been the domination of single components – share prices and consumer credit respectively – which have made it difficult to judge the overall trend.

The longer leader, which aims to identify turning points in the economy about a year ahead, has shown a sustained rise in the period from November 1986, to last month. Share prices moved strongly upwards in May after a temporary fall in April. boosting the indicator.

The shorter leader, which points to turning points about six months in advance, has risen to April this year after having been broadly stable in 1986.

The coincident index, which is supposed to reflect current trends in economic activity, continues to show little change and remains close to its early 1986 level.

Separate revised figures released yesterday by the Department of Trade and Industry showed the level of stocks held by British industry rose by £326m seasonally adjusted at 1980 prices during the first three months of this year.

This follows an increase of £465m in the final quarter of 1986 and destocking in the second and third quarters.

Within the first quarter 1987 total, there was a sharp increase in manufacturers' stocks of £196m and a rise in wholesalers' stocks of almost £119m.

In manufacturing, stocks of materials and fuels were increased by £68m while stocks of finished goods were reduced by around £90m. This appears to reflect an anticipation that the recovery in manufacturing output would continue and that there was strong demand during the first quarter.

Stockbuilding was most pronounced in the engineering and metals sectors.

Retailers increased their stocks by £16m in the January to March period.

The ratio of retail stocks to sales increased from 94.4 at the end of December to 95.4 at the end of March, suggesting demand in the first quarter, which was hit by bad weather particularly in January, was not as strong as many had anticipated.

Scotland's future is bright, says Lawson

By Philip Stephens, Economics Correspondent

MR NIGEL LAWSON, Chancellor of the Exchequer, yesterday forecast a bright future for Scotland's economy despite the disruption caused by last year's sharp fall in North Sea oil prices.

*In an upbeat assessment of eco*nomic prospects Mr Lawson told the Edinburgh Chamber of Commerce that the difficulties of the oil sector had only temporarily masked the strong performance of Scotland's much larger non-oil economy.

"There could be no better illustration of the way the economy can adjust to new opportunities than the performance of Scotland in the 1980s," he said.

Within manufacturing, new technology industries now employed more people than all the traditional heavy industries combined. More semiconductors were produced per head of the population in Scotland than in any other country in the world: five per head per week, compared with three in the US and 3.5 in Japan.

What was important now, Mr Lawson said, was that the new mood of self-confidence in Britain's economy took hold in regions such as Scotland, which had seen their traditional industries decline.

Looking inwards and dwelling on problems led to demoralisation, which could put at risk the whole process of regeneration. "Looking outwards and focussing on success is an essential part of economic recovery," he added.

● Dee Corporation's Gateway Foodmarkets division is to spend more than £100m expanding in Scotland. The four-to-five-year programme will create almost 5,000 new job opportunities, the company said yesterday.

Gateway, which incorporates Fine Fare and Carrefour, is already developing a £20m superstore at Parkhead Forge, near Glasgow.

Reform package on the way for broadcasting

BY RAYMOND SNODDY

BRITAIN'S BROADCASTING organisations face a turbulent 18 months as the Conservative Government prepares a comprehensive bill to take broadcasting into the next century.

A bill designed to increase competition, particularly within Britain's commercial television system, is expected to be introduced in the autumn of 1988.

After linking the BBC licence fee to the retail price index earlier this year, which will cost the BBC £30m by 1991 unless savings are made, the Government now wants to create "an equality of misery" and expose the ITV system to the pressure of competition.

The ITV companies' advertising revenue is shooting ahead with embarrassing vigour and is likely to top £1.2bn this year.

The Government appears to have accepted the Peacock view that the ITV companies are the main engines of inflation in British broadcasting and they will not be left undisturbed when their present franchises end in 1991.

Within the next couple of months Mr Douglas Hurd, the Home Secretary, and his new broadcasting minister, Mr Timothy Renton, will be putting together a package of reforms primarily aimed at ITV.

Under consideration are the possibility of Channel 4 selling its own airtime and a form of tendering for ITV franchises.

Channel 4 is a subsidiary of the Independent Broadcasting Authority (IBA) funded by an annual subscription from the ITV companies, which sell the Channel 4 airtime.

If Channel 4 sold its own advertising, it might bring greater competition to the selling of television advertising, it is argued.

Mr Justin Dukes, managing director of Channel 4, said yesterday: "The mind of the channel is open to any arrangements the Government may propose, provided absolutely the original remit survives."

The Government finds the Peacock Committee's idea of an ITV franchise auction too extreme, but is looking at ways of tendering which would involve a quality test for applicants before the discussions on money began. These include a downpayment plus annually adjusted rent and bids in the form of percentages of advertising revenue rather than cash.

The Government is also unhappy with the special Treasury levy on ITV profits and a levy based on revenue, which would make avoidance more difficult, now seems likely.

The Government's plan to ensure independent producers gain access to 25 per cent of Britain's four national television channels – an election manifesto commitment – may also be included in the bill, although agreement is still being sought with both the BBC and ITV.

Mr David McCall, chief executive of Anglia Television and chairman of the ITV companies' association said yesterday he hoped the Government would bear in mind the increasing competition ITV would face from satellite television.

"They ought to look forward and not in the rear mirror," he said.

One central plank of British broadcasting will remain. In line with the advice of the Peacock report, the BBC will not be required to take advertising, although subscription or pay-per-view in some form, has not been finally rejected.

The Government is, however, determined to take action on what it sees as excessive violence and sex on British television. In line with a manifesto commitment, broadcasting will be brought within the scope of the existing obscenity law.

Mr Renton has also been asked to draw up plans for a broadcasting equivalent of the Press Council to monitor sex and violence on television.

The decision to deal with radio and television in one bill means that plans in a recent discussion document for hundreds of community radio stations and two or three national commercial channels are unlikely to happen before 1990.

Warning over spread of fake luxury goods

BY CHARLES BACHELOR

THE COUNTERFEITING of luxury consumer goods is becoming more sophisticated and is starting to penetrate legitimate channels of distribution, Cartier, the French manufacturer of watches, jewellery and leather accessories, said yesterday.

"A few years ago we would find fakes of our watches being sold on street corners and in pubs," said Mr Anthony Marangos, UK managing director. "Now we are finding them in reputable stores which contain concessionaires they do not control and being advertised in reputable newspapers."

Cartier yesterday began a two-day seminar in London aimed at the police, customs and its own concessionaires to bring home the seriousness of the threat.

"The problem is many people think its a joke," said Mr Marangos. "People who could afford five of the originals think it is 'with it' to buy a fake. It is no joke. It is the theft of our creativity and hard work."

Cartier sells 300,000 of its upmarket watches a year around the world, but estimates that for every genuine watch being worn there are eight fakes.

The fakes cost a few pounds to produce and frequently retail for £60 and upwards, compared with several hundred and even thousands of pounds for the real thing.

Cartier spends $6m a year fighting court cases around the world to protect its patents and trade marks. It is currently engaged in 400 to 500 cases, including 30 in the UK. It has its own anti-counterfeit team and employs private investigators.

Apart from persuading the public that fakes were wrong, it must also convince governments that counterfeiting was a danger to the economy. Visitors to Thailand received an official tourist board brochure advertising Bangkok as supplying "the best fakes you will find in the world," said Mr Vincent Carratu, a specialist investigator.

Counterfeiters had become more adept at avoiding detection. Watch parts were frequently only assembled in the country of sale and the supposed manufacturer's name printed on the face at the last moment.

The scale of profits was also attracting organised crime into counterfeiting, which could be safer and easier for the criminal than drug-smuggling or prostitution.

To fight counterfeiting, which hits a wide range of non-luxury consumer products as well as more expensive items, companies must adopt a clear policy, allocate a realistic budget and use the law to its full, Mr Carratu said.

Building sector 'set for further expansion'

By Ralph Atkins

THE UPSWING in Britain's construction industry will continue until at least 1989, a committee of the National Economic Development Office (Nedo) forecasts.

It predicts a 4.5 per cent increase in construction output in 1987 – almost double the rate of growth in 1986. This will take the level of activity above the 1979 peak.

A report, prepared by a joint forecasting committee of Nedo's building and civil engineering economic development committees, says that the construction industry will continue to grow in 1988 and 1989, but at a slower rate.

But the committee foresees increasing difficulties in recruiting specialist skilled workers and lengthening delays in deliveries of some materials because of the concentration of building activity in the south east of England.

The private sector, which accounted for 70 per cent of new work in 1986, is expected to grow at 7.5 per cent this year. The public sector is forecast to grow by only 0.5 per cent.

"Construction Forecasts 1987–1988–1989." Joint Forecasting Committee Construction Forecasts, Millbank Tower, Millbank, London SW1P 4QX, £15.

Insider cases rise since Big Bang

BY NICK BUNKER

STOCK EXCHANGE officials at the London Stock Exchange have launched 41 full investigations of suspected insider dealing since last October's Big Bang (deregulation) in the City of London.

The number represented a small increase in the rate at which cases were surfacing, the Stock Exchange said.

Ten of the cases have been sent to the Department of Trade and Industry (DTI), which has begun secret inquiries into six cases. All of these would probably result in criminal proceedings, the DTI said.

The extent of the DTI's crackdown on insider dealing has been underlined by a policy change whereby expert inspectors from the City, rather than civil servants, have taken charge of five out of nine investigations started by the DTI since last June.

The DTI has shifted the responsibility to make use of the greatly-expanded powers to gather evidence under sections of the Financial Services Act which came into force last November.

The DTI said that the nine investigations it had started since last June included three cases which had been publicly discussed: that involving Mr Geoffrey Collier, a former employee of Morgan Grenfell, the merchant bank; an alleged case involving shares in the British & Commonwealth Group; and the investigation into leaks of confidential takeover information by civil servants.

The other six cases have been kept confidential and the DTI declined to name any companies or individuals involved or to say when investigations began.

The Stock Exchange said that since deregulation the Insider Dealing Group within its surveillance department had launched 69 inquiries into cases where insider dealing was suspected and launched 41 full investigations. Thirteen are still in process.

It said the number of inquiries was "slightly up" on the same period last year.

What it takes to be an entrepreneur—alas!

BY MICHAEL DIXON

NEVER BEFORE can so many *organisations* and individuals have been so keen to stake money, not on established businesses, but on entrepreneurial talent. The only problem, of course, is how to tell the likely *winners* from the losers.

So any readers who happen to be among those innovative investors will be glad to hear of a newly produced report which reduces the uncertainty of choice. It makes clear that, whoever else may be an entrepreneur worth backing, the Jobs column certainly is not.

The report is on an assessment just made of me by *Selection Research of Walton-on-Thames*, the European arm of a similarly named United States group. It specialises in an asessment method based on a notion which, although all of us probably rely on it often *when meeting other folk*, I have never seen systematically applied to job-selection before.

The notion is that whether or not people are equipped to succeed in particular activities can be divined from the sorts of things they say.

Now, before anyone rushes off snorting about re-inventions of the wheel, let us please be clear that "the sorts of things they say" does not mean the replies they give you to questions like: "How, precisely, are you qualified for this job as deputy - assistant saggar - maker's-bottom-knocker?" Even less do the clues consist of *opinions* another person expresses about politics, ethics and so on, which coincide with views of your own.

What is meant is that, once you get people talking broadly *about an activity in which you* yourself can fairly claim to be competent, you can usually tell if that person is likely to be any good at it. The clue lies in whether or not they voluntarily mention — and if so, how — some aspect of the topic which you as a practitioner know to be of the essence. "I'd never have credited that woman with being a professional tightrope-walker," you might confide to *someone afterwards*, "*until* she said *that*."

Snags

Inevitably there are weaknesses. *One* is that even when such judgements are made by an individual expert of another person's ability in the same specialism, they are sometimes wrong. But a worse problem for recruiters and financial backers is that they often need to choose people for types of work in which they are far from competent themselves.

Selection Research says it has developed a way to overcome that problem. It takes large numbers of people with proven success in some activity, and large numbers who are mediocre at it. The members of each group are then asked open-ended questions about the activity, and their free-wheeling answers are recorded and analysed to identify what the SR group calls "themes." They are particular patterns of thought, feeling or behaviour which are characteristically shown by the successful, but not by the less proficient.

The method was pioneered about 30 years ago by the group's chief Donald Clifton when, as a professor of psychology at the University of Nebraska, he was asked to help with the selection of student counsellors. Since then, sets of key themes and "structured interviews" to probe for them have been worked out for about 110 kinds of work. They include ice-hockey playing, orchestral conducting, teaching, pub-managing and selling, as well as the entrepreneurship for which I flunked the test the other day.

I nevertheless found the procedure not only convenient but enjoyable. All I did was telephone the UK-based branch on 0932 248899 and its managing director Bob Edenborough — after saying that any questions which stalled me could be repeated but not expanded, and that I should answer with what I thought right as distinct from expedient — switched on the recorder.

From the outset the questions, which were on the tape, prompted me to talk even more liberally than usual for the following hour and a half. Since I had promised not to give them away, all I can report is that most were of the "tell me how you . . ." type mixed with hypothetical problems. All 84 questions were designed to radiate in from different angles on 12 themes which the group claims pervade the thinking of talented entrepreneurs. It outlines them as follows.

Key factors

Dedication. The capacity to concentrate totally on a chosen goal.

Focus. The capacity to take a direction and maintain it, continuously making the necessary adjustments to stay on course.

Profit orientation. The *capacity to assess the measured* benefits of transactions . . . relishing data that give insights into the internal working of the company.

Ego drive. The craving for a significant definition of yourself gained mainly through achievement and productivity, although parts may also be played by status, power, wealth and social esteem.

Urgency. Extreme reluctance if not inability to tolerate delay.

Courage. The capacity to increase determination in the face of resistance.

Activator. The constant urge *to stop the chin-wagging and* get moving.

Opportunity. A bent for seeing possibilities where others see problems.

Creativity. The capacity for *breaking new ground* and developing ideas.

Expertise orientation. The recognition that you do not know everything necessary yourself and that is important to use others to provide expert perspectives on an issue.

Team. Ability to find the right helpers and lead them in committed pursuit of your aim.

Individualised perception. The capacity to identify the uniqueness and relevant strengths of each of your supporters.

At which stage, alas, there seems no plausible way to avoid disclosing the points on which the Jobs column failed to qualify for the Rolls-Royce and fat cigar.

One was lack of adequate urgency—and in case that should seem an odd trait in a daily-paper journalist, I can assure you that it is common if not universal in the trade. Not for nothing did Sir Desmond MacCarthy propose, as the journalists' motto: There's always another quarter of an hour.

Put baldly, the second flaw was insufficient courage although the report kindly calls it a possible "difficulty if resistance of a severe nature is encountered." And the third was "*a relative lack of strength* in terms of teamwork" which evidently debars me from success as a manager too. Perhaps fortunately, however, the report goes on to say that I seem "very well placed to empathise with and comment on" the entrepreneurial and managerial roles.

So what does all that suggest about the value of Selection Research's method?

In my view at least, it is far from the whole answer to the problems of selecting people for different kinds of work. Even if it can reliably pick out what it takes to succeed in an activity as broadly defined as entrepreneurship, for instance, the fact that people possess those strengths does not mean they will use them well in settings which are ill suited to them in other ways. The task of matching individual talent to organisational culture *is* delicate and difficult indeed.

Even so, there can surely be no doubt of the fundamental importance to success of the abilities which the group claims the method is able to identify. As to its accuracy . . . Well, over the past two decades I must have taken more psychological tests than most healthy and normal people would believe could be in existence. And I'm sad to say that Selection Research's finding are consistent with those of all the others.

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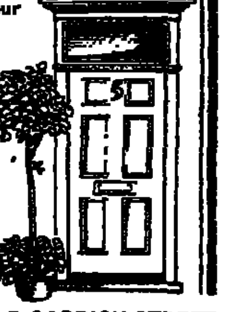

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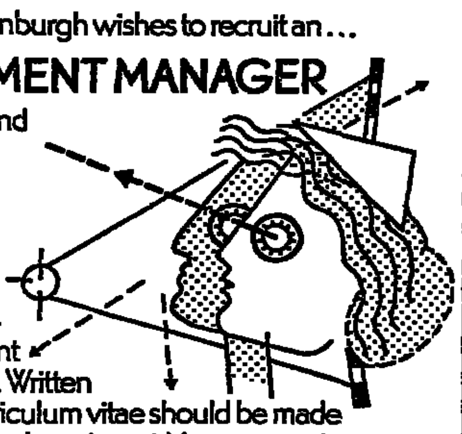

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NEW ZEALAND FORESTRY

Chris Sherwell looks at New Zealand's first industrial multinational

Diversity pays at Fletcher Challenge

IN THE rural heartland of New Zealand's North Island, a small group of biologists in a makeshift laboratory is busily cloning identical copies of high-performing trees from massive commercial forests nearby.

The scientists' aim is to produce a radiata pine which yields the biggest possible volume of high density wood. But the banks of experimental dishes in which their clones begin life contain the seeds of a mightier growth — Fletcher Challenge, New Zealand's first industrial multinational.

Back in 1981, Fletcher Challenge was already the country's largest company in terms of market capitalisation. Newly-formed from a merger of Challenge Corporation, Fletcher Holdings and Tasman Pulp and Paper, it wanted to expand further, diversify and go international.

The tiny laboratory — which survived an earthquake earlier this year and soon moves into modernised premises — offers one small illustration of how it has succeeded, perhaps beyond expectation. Fletcher has become an internationally known forest products group, while its dependence on forest products has actually moderated.

In 1981, Tasman provided nearly half the earnings of the group. In the year to June 1986, growth had proceeded so rapidly that the group's after-tax earnings of NZ$241m (US$143.5m) were treble the 1981 level—despite a NZ$15m loss by Tasman Pulp and Paper. For the current 12 months market analysts predict earnings of NZ$315m.

"We've been through an intensive period of merging three large local companies, a rationalisation and an expansion into Canada," says Sir Ronald Trotter, chairman and chief executive. "We wanted to get the business international, outward looking and competitive."

Having slipped behind Brierley investments for a couple of years, Fletcher Challenge has been so substantially re-rated by investors over recent months that it has recovered the position of top company in New Zealand. With a market capitalisation of more than NZ$5bn, it is now one of the world's largest 200 corporations outside the US.

The catalogue of Fletcher Challenge's activities is exhausting. Apart from forestry and pulp and paper, its long-established domestic businesses embrace property, construction, building materials, steel, rural services, the meat business, fishing, horticulture, bloodstock and retail and leasing activities.

Then there are the substractions and additions it has begun making. As part of the rationalisation, it courageously disposed of its successful finance companies, judging that they would lack the scale to compete in New Zealand's newly deregulated environment.

More recently, Wrightson NMA, its rural services company, acquired Dalgety Crown, its leading competitor, while Challenge Meats, the steel sector, and Fletcher Fishing have all strongly expanded their interests.

Late last year the group even launched a bid, ultimately to prove abortive, for New Zealand Forest Products, which owns 165,000 hectares of New Zealand forest, even more than Fletchers' 110,000 ha. And it took a significant 10 per cent stake in Goodman Fielder, another rapidly growing New Zealand group.

Most significantly, it has again made an offshore purchase, following up its bold NZ$420m acquisition in 1983 of a 96 per cent stake in Crown Forest Industries, the Canadian interests of Crown Zellerbach of the US.

Market re-rating

The new purchase, announced in February, was of a 48 per cent controlling interest in British Columbia Forest Products—one of Canada's largest integrated forest products companies—for NZ$704m.

The acquisition made Fletcher Canada's largest lumber producer, as well as the second largest producer in the world of both newsprint (behind Abitibi Price) and market pulp (behind Weyerhauser).

This second Canadian purchase was undoubtedly the trigger for the recent re-rating of Fletcher by the market. Investors suddenly recognised that it was undervalued as an international forest products company.

On a prospective price/earnings ratio of around 11, it was well below its US and Canadian competitors earlier this year, which stood around 18 and 16 respectively. Just as attractive, the prices of both pulp and newsprint were set to continue rising, and the leverage effect on the group's profit promised to be considerable.

Fletcher has not confined this recent offshore expansion to Canada .Tasman Forestry has entered into a joint venture which controls 25,000 ha of forests and a small newsprint mill in Chile, where the rapid growth rate of coniferous forests, which are also radiata pine, almost matches New Zealand's.

In the US, the group's construction division has acquired 80 per cent of Hawaii's second largest construction company. And in Australia it has acquired the interests of Armco of the US and taken a sizeable stake in Jennings Industries, which gives it entry to house building and shopping centre and property management.

The result is that North America will be responsible for some 45 per cent of Fletcher's earnings in the current year—not much less than the 47 per cent generated from New Zealand. Of the group's assets, some 39 per cent are in North America.

In terms of business activities, about 57 per cent of the group's profit will come from forest products. The group wants leadership in newsprint, kraft pulp and in specialty paper like the lightweight coated paper used in quality magazines.

Another 25 per cent will come from the building industry and the remaining 18 per cent from primary industries and trading.

Overall, the group has clearly come through a period of constraint imposed by the purchase of Crown, which was funded off balance sheet and had to be turned round. Its rated newsprint capacity has already been lifted from 404,000 tonnes to 460,000 tonnes, and is set to rise to 503,000 tonnes next year.

The picture at home is also encouraging. The biggest black spot has been the persistent labour difficulties at the massive Kawerau mill, which kept Tasman Pulp and Paper in loss last year and will do so again this year. But hopes are high that the troubles with the pulp and paper workers' union, one of a dozen at the mill, have now been left behind.

To speak to 39-year-old Mr Hugh Fletcher, a member of the original Fletcher family who takes over as chief executive from Sir Ronald in October, most divisions are running well, with some — like fishing — a remarkable success.

To him, this is a product of a corporate philosophy developed as much through making mistakes as scoring successes. "We have a culture of diversity which goes back to the 1960s, longer than many companies in the region.

"Today, no one part of the organisation feels it sets the culture or that it is the core business. Nothing has a prior claim on management resources. We delegate almost everything but finance.

"A diverse group cannot be hierarchical. The emphasis is on returns on equity, not just dollar profit. And we invariably aim to do something successfully in New Zealand before we consider attempting it elsewhere."

Further acquisitions

The stage has now been reached where the equity side of the balance sheet must be strengthened. In the past, the group has made few demands on its shareholders. Now it would like to see broader international participation in ownership, and will feel less restrained in calling for shareholder support for further acquisitions.

In April, the group launched a C$200m (US$149.4m) "exchangeable share" issue in Canada, devising the tax benefits in such a way that the shares ought to stay in Canadian hands. Fletchers had previously made two preference share issues in Canada totalling C$305m.

Following on the group's Australian listing in 1985, its London listing (dating back through its predecessors to the 1880s) has been reactivated and a sponsored American depositary receipt facility has been created in the US.

The group is now looking at London and Europe for a possible placement, and is likely to seek a placement of ADRs in the US both to develop the market and raise capital. There is no hurry to place shares in Japan or Australia.

The overall impression is of a group which has capitalised on its own talents and New Zealand's new market-oriented domestic business environment to grow internationally through profitable acquisitions. Elsewhere that would be unexceptional. In New Zealand, Fletcher Challenge is making history—and in the process setting a high standard for others to follow.

GERMAN RAILWAYS

David Marsh meets the man who runs the West German railway

Bundesbahn chief faces his critics

REINER GOHLKE, like so many of his countrymen zooming up and down the *autobahnen* in large, fast shiny cars, never had much interest in the railways.

Now, as a former IBM manager turned chairman of the Deutsche Bundesbahn, he takes the train nearly all the time.

It is all part of a new life for the 52-year-old West German trouble-shooter dedicated to shaking new life into that most unwieldy of Teutonic institutions, the Federal Railway.

Interviewed in his office at the Bundesbahn headquarters, high up over Frankfurt, Gohlke, a tall, stooping ox of a man, proudly cradles a model of the new high-speed German train, due to come into service from 1991 to challenge France's European lead in 150 mph rail transport.

Gohlke spells out with determination his market-oriented credo. "The Bundesbahn is more than 150 years old. It dates from a time when the railways had a transport monopoly, where the most important thing was production and technology, not winning customers. Now we have to become much more geared to the market."

He has just been confirmed in the job for another five years, at a much increased salary or around DM 450,000 (£151,000) a year—recognition of his success in changing the face of the Bundesbahn during his first five years as chairman of the board.

He has also carved out for himself a public image as a new breed of public sector manager, taking a consciously higher and more aggressive profile than the anonymously-suited bureaucrats whom Germans are accustomed to having run their national institutions. But permanent alteration of the habits and fortunes of the railways—especially in a land caught up in an undying love affair with the motor car—is, as Gohlke admits, a different matter.

The Bundesbahn, in spite of its sleek, modern inter-city trains, computer booking and slim, red-coated staff serving muesli with warm milk for breakfast, remains something of an imperial relic.

It depends on the Government for a staggering DM 13.8bn per year to make ends meet. Subsidies range from help with the heavily loss-making commuter network to paying pensions (at 75 per cent of the employee's last salary) to 260,000 retired railway workers with the status of Beamten or civil servants for life. This support uses up more than half the budget of the Transport Ministry, inevitably turning the Bundesbahn into a political football.

Coming from one of the managing directorships of IBM's German subsidiary, Gohlke admits that, when he was asked to take on the job (under the former Social Democrat Party-led government), "I had absolutely no idea about the railways."

And if he had known in 1982 how complicated the job would prove, he might not have taken it on, he says.

As the economic pressures mount and his golden image at the Bundesbahn starts to lose some of its shine, Gohlke's second five-year term might turn out to be more problematic than his first.

He has faced some criticism from customers over a complex new fares system brought in on March 1. It aims to woo travellers away from the motorways by cutting sharply long-distance ticket costs, especially for people travelling with friends and relatives. But the drawback is fare increases for some shorter journeys.

The new tariff structure has coincided with disappointing results for last year, a likely prelude to an even more difficult time in 1987. Falling heavy goods traffic caused especially by the drop in iron and steel production and increased competition from road traffic following the fall in petrol prices, helped push the Bundesbahn's loss last year to a worse-than-expected DM 3.33bn. A likely rise in the deficit this year would confirm a break in the trend of falling losses since he took over. Results for the first four months, affected particularly by a renewed slump in goods traffic, confirm the worsening trend.

Gohlke insists that the Bundesbahn is still financially on the path set out by the Government five years ago. The so-called DB 90 plan aims to keep losses stable by 1990 at about DM 4bn a year (the same as in 1982), increase productivity by 40 per cent over the eight-year period, cut costs and boost investment. This is running at about DM 6bn a year, geared above all to building a new north-south track down the neglected eastern side of West Germany.

Mr Reiner Gohlke—"We have to become much more geared to the market"

As a result of last year's results setback, as well as the strains engendered by the Finance Ministry's efforts to keep down public spending growth, discussions with the Government about maintaining the Bundesbahn's spending have become more difficult. But, with characteristic confidence, Gohlke, just back from a meeting with that ministry over the DM 20bn 1987-1990 investment plan, says he believes the programme will be kept up.

Chairman, since last year, of the Association of European Railways, he has a taste for the big issues. New rail links, such as the high-speed routes between Paris, Brussels and Cologne now under discussion, as well as an inter-city service which started operating between 13 European countries in May, offer the industry "a chance it has not had for 100 years."

But he also has to keep his mind above all on more prosaic matters. Gohlke has learned the hard way the complexities of running an organisation with 160,000 Beamten and a total of 270,000 employees (cut from 314,000 in 1982), DM 38bn of debt and 17,000 miles of track which, although operated efficiently on trunk routes, generally suffer from under-use. Measured in terms of miles travelled per year per inhabitant, the Bundesbahn ranks as the most under-used of the major European railways.

Gohlke also has to cope with four different unions. This is a rarity in West Germany where the single-union structure in large corporations usually simplifies labour relations. At IBM Deutscheland, he had to deal solely with IG Metall, the metalworkers' union.

With little previous experience in dealing with politicians and civil servants, Gohlke has been struck by the contrast in the decision-making process at the railways. "At IBM, you just have to go to the chairman."

A first step towards improving service and matching it more closely to customers' needs was the restructuring of top management. The new board member responsible for sales—a job created by Gohlke in 1982—is Hemjoe Klein, a marketing expert from the Neckermann mail order company.

But, as a man who likes to roll up his sleeves, Gohlke stresses the limits of action which does not go beyond the boardroom. The most important efforts have to be made on the railway tracks. "Although we have been cutting back 10,000 jobs a year, we have put 500 more staff into the trains, to carry out your suitcase and so on . . . It is accepted now: the customer is king."

Pondering on the long-term nature of his job, Gohlke says enough of a political consensus exists in West Germany to keep the necessary subsidies to support the railways.

You need "a bit of idealism" to take the job as chairman of the Bundesbahn, he says. As he believes the full benefit of restructuring will not be evident for 20 or 30 years, he should have plenty to absorb that famous energy for the next five.

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Television/Christopher Dunkley

Obsession with competition ensures its survival

There is a growing belief among ILEA teachers, and others it seems, that competition is A Bad Thing. They blame the competitive spirit, which they believe was inculcated in school children in previous generations, for virtually all mankind's ills, from Nazism (presumably nobody ever explained to them what the word actually means) to the north/south divide. Now, having got rid of the Eleven-Plus they are trying to eradicate all competitive sport from schools.

No doubt thre is a grain of sense in their argument. The co-operative nature of the ant-hill makes for a fairer—albeit a more static, regimented, mindless and boring—society than we achieve with competition. The existence of winners does, obviously, require the existnce of losers, and to lose constantly may cause bitterness and resentment. But as the teachers go solemnly about the business of banishing cricket and rugby, replacing athletics with weight training, and generally depriving non-academic children of one of their few opportunities to outshine the brainy, I wonder if they have the faintest idea of what they are up against.

Television gives the game away by proving repeatedly, indeed almost continuously, what an obsessively competitive lot we are. True, you do see drama, current affairs, music, news and other programmes on television unconnected with competition. But if you consider the entire output over, say, the past fortnight it is astonishing how much has consisted in one way or another of competition, especially the best known and most heavily publicised programmes. It is also interesting—and for the teachers deeply ominous presumably—to note how very enjoyable most of us find at least some of these competitions, and what high ratings they get as a consequence.

Admittedly the biggest televised competition of the lot, the General Election, bored many of us to tears, but that is hardly a typical example. More typical was *World Cup Rugby*, the first world championship in this sport which was held in Australia and New Zealand and was covered by the BBC throughout the latter stages of the election campaign.

Enthusiasts would make two virtually unanimous complaints, I suspect: that there was not enough coverage, and that the BBC has still not shown the Australia/France semi-final in its entirety. This match, one of the two greatest I have ever seen (the other being the Barbarians v the All Blacks 10 or 12 years ago, also televised, happily) overshadowed the final between France and the All Blacks which turned out to be a most unequal and lack-lustre affair.

The Australia/France semi-final was the stuff of which schoolboy stories used to be made in the days when schoolboys were allowed to be competitive. With the scores level at 24-all in injury time France set up a breathtakingly well sustained attack which ended with Serge Blanco, on a gammy leg, making a heroic charge over the line, with the camera in tight, showing every flying divot in big close-up. It was worth the licence fee to watch the highlights of that match alone.

Clearly sport accounts for a large proportion of television's competitive material. During this week and next, if matters run true to form and the rain does not ruin the event, BBC2 will achieve its largest audience share of the year, about 20 per cent, with *Wimbledon*, and the two BBC channels together will take about 55 per cent. Their other annual ratings triumph comes in April with the *World Snooker Championship*. There is skill and drama involved in these fixtures, not to mention large sums of money, but above all they are competitive events.

Pamela Stephenson, the Duchess of York and Stuart Hall in the Grand Knockout Tournament

Last weekend sports fans could watch not only a number of programmes looking forward to Wimbledon, but *International Athletics* on ITV and BBC1; *The US Open* golf championship via satellite on C4, with the British commentators hunting around for ways to fill the gaps when the American network went off for its lengthy commercial breaks; *Rowing: Power Sprint*, also on C4, which would be better if the makers were not so terrified of losing uninitiated viewers for supposed lack of drama; *The Second Test from Lord's* on BBC2; *Racing From Ascot*, *Hockey*, and *Basketball* on BBC1 (another of those sports, like American football, where the pauses seem to outlast the action and a television programme consequently consists almost entirely of artificially bright and excited talk from the commentators) and then, late on Sunday evening, *Grand Prix*, with Mansell yet again going out in front at the start but failing to stay there, and *The Royal International Horse Show* whose commercialism is now beyond parody: in the "Everest Double Glazing Grand Prix" Harvey Smith was riding a horse called "Sanyo Shining Example."

But although there is an awful lot of it, sport is not the only type of competition on television. Quiz and game shows are still a growth area (*Zig Zag* is on BBC2 today, *Countdown* on C4, and *Whose Baby?* on ITV) and last Friday BBC1 brought us a one-off revival of *Jeux Sans Frontieres* called *The Grand Knockout Tournament* which I suspect may prove to have achieved one of the biggest ratings of all time.

The great attraction was, of course, the presence of Prince Edward, Princess Anne, and the Duke and Duchess of York as "team leaders." In the event they took little active part except as cheer-leaders, though they did display a most un-English willingness to whine "Snot fair" (or words very much to that effect) to the judges when they felt anybody else was bending the rules.

Whether an ILEA teacher would see this as proof that English aristos are going soft and losing their stiff upper lips, or as a welcome sign that the royals are becoming more like other people, is difficult to say. No doubt such teachers would argue sternly that a fair society would contain neither moneyed princesses nor homeless families, and that we ought not to need princes using television to bestow their charitable efforts in order to save the children or even wildlife.

Yet all human history seems to indicate that whatever political system you set up, pecking orders will remain, privileges will remain, and love of competition will survive. If television sport has taught us one thing in the past 20 years it is that no country is to be more feared than good old egalitarian East Germany once they put their minds to proving their superiority.

The *Grand Knockout* was on Friday. Saturday brought the final of the embarrassingly titled series *Bob Says Opportunity Knocks*, a talent competition in which the public has been voting for the various acts by telephone. Gratifyingly the Welsh comedian who had the gall to pinch Gerald Hoffnung's superb "Barrel of Bricks" story, and tell it badly, received the lowest number of votes.

Then on Sunday came the final of the *Cardiff Singer of The World* competition, a splendid binennial event which provides a feast of singing on BBC2 and tremendous arguments among viewers who fancy themselves as good judges of voices. Those of us who picked out Valeria Esposito from the Thursday night heat were highly pleased with ourselves when, in the St David's Hall on Sunday, she received the first prize of £5,000 and the engraved crystal bowl.

Life is unjust. Not only was Signorina Esposito born with a vastly superior voice, she was also blessed with beauty. It could be argued that in fairness to the rest of us she should not be allowed to develop or exhibit these advantages: perhaps that would be the ILEA view. But television viewers in their millions show greater generosity of spirit when they join in the enjoyment of such superiority, whether the comparison is between memories in *Mastermind* or pop songs in the *Eurovision Song Contest*. Television loves a competition.

Quartett/Ludwigsburg

Michael Coveney

Robert Wilson's new production of Heiner Müller's *Quartett* was a highlight of the opening days of the 1987 World Theatre Season in Stuttgart. Six performances were given in the beautiful court theatre of Luwigsburg castle 30 km north of the city. This largest baroque castle in Germany was completed in 1733 and its little theatre (a pit and three galleries of intimate boxes) contains the world's first revolving stage.

The formal setting was ideal for Müller's 1982 adaptation of Laclos's *Les Liaisons Dangereuses*, an icily decadent duet for aristocratic lovers untinged with the sort of Restoration thrust and parry ingeniously invented for the piece by Christopher Hampton. You enter the theatre along gilded corridors groaning with the portraits of the Wuttemburg nobility, face after face of bewigged inscrutability staring nonchalantly down on a chattering Festival rabble that has invaded the gardens and Renaissance courtyards.

Wilson exploits these tensions by placing white modern furniture in front of the classical curtain. His cast of five actors assemble slowly, as if at a séance, and place their hands on top of each others' hands. Madame de Merteuil and the Vicomte are former lovers engaged in the despolation of a virgin and sexual revenge on a married lover of the Vicomte who spurned him. Wilson elasticises Müller's text, tautens its marvellous allusive astringency still further, by giving the pair a doppelganger in the shape of a young girl and boy, both beautiful. The process of ageing and decay to which the play addresses itself is embodied in the fifth figure, a wheezing, snoring old man eventually consigned to lugging scenery around on an invisible thread of rope.

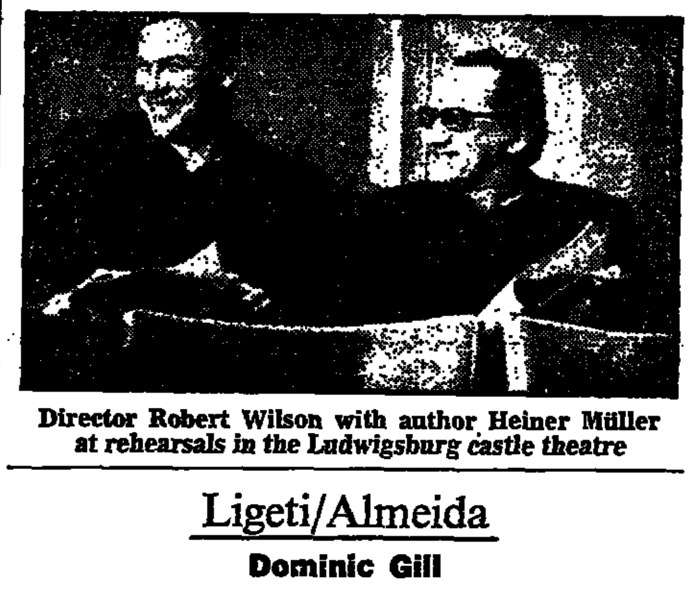
The stage proper is divided by a diagonal gauze traverse. The mirror imagery of the piece—at one point Merteuil and Vicomte exchange personalities but not identities, so thorough is their love-loathing of each other—is, one has to say, reflected in this scenographic partition: upstage a post-Modernist steel version of a Rennie Mackintosh chair characterises the new world; downstage, this side of the gauze, Merteuil will disport herself, lingeringly, on a Second Empire chaise longue.

In London recently we had a brave and at times unwatchably explicit production of this play in a little pub theatre. Wilson's exercise of high-Tech insouciance, an aesthetic executed with unerring visual taste, renders it, if anything, even more delightfully unpalatable. Whereas Hampton has crafted the material into a recognisable commodity of bourgeois theatre, Wilson proposes a bleak and beautiful fable of modern manners, an operatic elaboration of the increasingly powerful submission that physical lust is a tatterdemalion cloak for emotional aridity.

An abandoned red coat belonging to the Vicomte becomes a property of desire, a stray shoe of Merteuil an instrument of danger and ambiguity. I have not seen a Wilson production in some time. He seems to be paring down his physical language to the absolute minimum. Every look, evry inflection, is made to count.

The method creates an extraordinary intensity in the theatre and requires performers of the highest calibre. Wilson is lucky indeed to have Elisabeth Rath and Hans Peter Hallwachs in the main roles. She has immense style and eloquent chalk white shoulders; he, built like a tank, can relapse one minute into sexual hissing charades, the next fly suspended by one foot in a noose, all the while maintaining a brooding and sinister presence.

The other big event of the weekend was the European debut of Peter Sellars' American National Theatre in a stunning version of Sophocles's *Ajax*. Of that, and other matters at this most admirable of festivals, on Saturday.



Director Robert Wilson with author Heiner Müller at rehearsals in the Ludwigsburg castle theatre

Discord disrupts the sound of string quartets in Reggio Emilia

It was in the North Italian city of Reggio Emilia, in 1945, that Paolo Borciani founded the *Quartetto Italiano*. This was to become, in its nearly 40 years of existence, one of the world's most celebrated and influential string quartets; and Borciani himself was to reach a position of highest importance in Italian musical life. After his death in 1985 the idea was formed in Reggio of honouring the name of the native son by founding a new string quartet competition in his name. It was specifically intended to be a more illustrious competition than any other already in existence; the jury was to be the most distinguished imaginable and the prize money and post-competition concert engagements were to be of previously unexampled largesse.

Under the stewardship of Guido Borciani, Paolo's brother, the plan was realised. For the First Paolo Borciani International Competition (15-21 June) there was assembled, in the glorious Teatro Ariosto at Reggio, a jury comprising Norbert Brainin (Amadeus Quartet), Milan Skampa (Smetana), Walter Levin (LaSalle), Sadao Harada (Tokyo), Valentin Berlinksy (Borodin — in the event, he withdrew for reasons of alleged ill-health), Hatto Beyerle (the original Alban Berg violist), Dario De Rosa (Trio di Trieste), Pierre Colombo (chairman of the International Music Festivals Federation committee), and Elisa Pegreffi (Borciani's widow, and the Italiano second violin).

The prize money was huge: 25 million lire (about £12,000) plus concerts throughout Europe for the first, 10 million lire for the second. In a touching gesture, Pegreffi promised her own violin to the second-violinist judged the worthiest. And a Press Jury, consisting of Duilio Courir (Corriere della Sera), Jacques Longchampt (Le Monde), and myself, was installed to award a special press prize (also worth 10 million lire) after the model of the competition at Evian.

The 20 groups (upper individual age limit 35) who went through their paces in the first two days of eliminatory rounds were of a standard entirely commensurate with such an undertaking; only two, indeed, noticeably failed to reach the general high level. All the signs were auspicious. The atmosphere was friendly. The feeling was right.

It was, therefore, impossible to predict in the opening days that the competition would end as it did—without a first-prize award, in an atmosphere of discord and bitterness, with stark diversities of judgment exposed between two unequal parts (five to three) of the main jury. (At least two of its members chose to leave town before the prize-winners' concert.) At the heart of the matter, it seemed to me, was an irresconcilable difference of opinions, ideals even, as to the exact goal of string quartet performance—and this in turn, seemed to point once more to the contradiction at the heart of an competition set up to grade levels of musical execution.

What gave the Reggio drama an added twist of irony was that the two young quartets at its centre were both Swiss—the Carmina, from Zurich, the second-prize winner, and the Sine Nomine, from Lausanne, who took the Press Jury award. I thought the Carmina one of the most remarkable quartets I have ever encountered; I have no doubt that they are destined for greatness. Neither had five of the *grandi musicisti* on the main jury—Bayerle, Brainin, Levin, Sarada, Skampa. All of them felt (as I did) that the Carmina qualities are unfamiliar ones on the current concert scene, qualities associated with the deepest and most genuine kind of musicianship, qualities essential to authentic (as opposed to counterfeit) chamber music-making.

On the simplest executive level, their blend, unanimity of impulse, unforced control of technique for expressive purposes, and meaningful observation of score markings proved an unforced delight. In the eliminatory round, their Ravel quartet was shot through with the lightest nuances, with fine, secret gestures and quietly passionate emotional inflexions, while never risking the smallest kind of outward show. In the finale, their choice of Haydn's Op 76 No 1 to add to the "setwork" of the Beethoven Op 59 No 2 brought smiles of delight to certain faces; and, despite the fact that in the opening round already 20 readings of the Beethoven first movement alone had been heard (in the final round) already three accounts of the whole thing, before the Carmina's, their Beethoven was a marvellous reassertion of musical priorities.

It is the highest kind of maturity to be able to create musical tensions, and their release, without resorting to physical force of the huff-and-puff kind; that this should be the cornerstone of a young quartet's whole musical outlook helps to explain why they attracted the enthusiasm of such a diverse band of distinguished, experienced admirers.

But this brand of performance is not to all tastes. "The Carmina lack charisma," one jury member was overheard to remark. In the world of competitions—as, of course, in the wider international musical market place—another sort of presentation is more commonly essayed, that seeks maximum effectiveness in display of skills, maximum "salesmanship" as its goal. The Sine Nomine Quartet, 1985 Evian winners, are already actively advanced on a career—indeed, they made their Wigmore Hall debut last February. (So, recently, did another, far more hard-edged and assertive group at Reggio, the Alexander Quartet, young Americans who took Portsmouth in 1985.)

In the three competition rounds the Sine Nomine gave smoothly accomplished readings of Beethoven, Berg (op.3), Mozart, and the Schubert "*Death and the Maiden*" (where, however, a few Achilles-heel weaknesses were most consistently evident). Their professionalism was the most striking of any on show at Reggio: while I certainly didn't rate them as highly as did my two Press colleagues, it was not difficult for me to agree to their Press award. But the existence of a quartet guided by higher ideals did tend to show up their relative glossy superficiality—and the undisguised preference for such that came out in certain influential quarters in the latter stages of the competition was correspondingly disheartening. According to the absurdly complicated system of numerical evaluation invented for Reggio, the Carmina came out top in the main jury's final calculation. But the rules also required that six out of the eight jury members should agree to the award, and despite argument and pleading late into the night this was not forthcoming.

The Carmina-Sine Nomine controversy tended to obscure other performers of strong, if inevitably lesser, merit. Most unjustly so in the case of the other leading finalist group, the Nasdala Quartet from East Germany: their performances of Beethoven, Berg, and Brahms may have been plainer, less buoyant in musicianship than the Carmina's, but their combination of absolute honesty and thoroughness (as in an unflinchingly authoritative *Bartok Fifth*) proved consistently impressive.

And some interesting trends could be noted in between times. One was the upsurge of all-female quartets, three from the US: the Lark (whose Mendelssohn E minor was exquisitely fresh), the Cavani (intelligently stringent in Debussy, somewhat less assured in Op 132, a bold but rash choice), and the Lafayette (who for the sincerest motives drenched everything in emotional excess). The four English quartets who came to Reggio were all eliminated in round one; I sensed that their choice of repertory was to blame — the Duke Quartet's Britten Third and the Hanson's Kodaly pleased those who admired the music, and much less so those who didn't.

What is to be done? The Borciani competition was intended to be a triennial event; by 1990 the rules and voting procedures may have been adjusted according to lessons learnt first time (the hard way). It is hard to imagine that the five jury members already mentioned will be eager to return (or will be invited to do so), but no doubt others (even if of lesser stature) will be found. But what was planned to be the sovereign of string quartet competitions has been born under a cloud, and that will take a while to blow away. Meanwhile, the Carmina Quartet undertake their first British tour (with a Wigmore recital as one of the dates) next February and March. They should on no account be missed.

Max Loppert

Ligeti/Almeida

Dominic Gill

Gyorgy Ligeti's new piano concerto, given its British premiere by Anthony di Bonaventura with the London Sinfonietta on Monday, is neither large nor weighty. Around 17 minutes long, it is scored for solo piano with chamber orchestra, and in effect is rather a chamber concerta (including plenty of virtuoso flights for the orchestral instruments) with piano obligato.

There are three distinct movements, fast, slow, fast, and the musical working is to a large extent characteristically in filigree. Ligeti himself proposes it as a piece in which "I have realised a new idea of *harmony and rhythm*" — and indeed the first movement is a clear statement, in just five minutes, of lots of complex rhythms, interacting. It is a lively piece of rhythmic polyphony. Ligeti calls it "complex *polymetre*." Whatever you call it, it's fun, and set 12/8 against 4/4 simultaneously. Steve Reich has set 12/8 against 4/4 too, and sometimes produced still more complex polymetres.

The slow movement at first proposes itself as an essay in oriental sighing on flute and occarina. But the sighing is interrupted very soon by sudden outbursts from brass and reeds, which rise to a shrieking climax—before a final subsidence as sudden, and as unexpected, as the arousal. The finale is a moto perpetuo with powerful Ravellian echoes: the stance is muted grand-virtuoso, reminiscent of the biggest of Ligeti's keyboard Etudes. In its context it seems the weakest movement—even if it is certainly the most approachable.

As a whole, the concerto didn't strike me, even after two hearings (it was repeated in the concert's second half), as a major Ligeti offering: but it has charm, and a certain delicate vigour, as well as some engaging rhythmic spice. Anthony di Bonaventura has clearly worked hard at the intricacies, and gave a fluent, confident exposition of his keyboard part. His brother Mario di Bonaventura, to whom the concerto is dedicated, conducted with enthusiasm and clarity.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

June 19–June 25

Theatre

LONDON

Antony and Cleopatra (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King Lear, Hopkins, a massive gnarled oak, which gathers force and more friends as it continues in the repertoire (928 2252).

Macbeth (Barbican): Jonathan Pryce is a wolfish, blood-curdling Macbeth in Adrian Noble's exciting production for the RSC. It plays in repertoire with Jeremy Irons' inconclusively wimpish Richard II and a rough and tumble modern-dress Romeo and Juliet. Best in the RSC's Barbican Pit is Janet McTeer leading a fine ensemble in Worlds Apart by Cuban playwright Jose Triana.

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

NEW YORK

Fences (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

All My Sons (John Golden): Richard Kiley has the gratifying part of Joe Keller in Arthur Miller's post-war moral tale of profits versus principle in a nicely dated production from the Long Wharf Theatre. (239 6200).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

Les Miserables (Broadway): Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

Starlight Express (Gershwin): Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

NETHERLANDS

Amsterdam, Stadsschouwburg. The English Speaking Theatre of Amsterdam with Noel Coward's Private Lives directed by John Hartnett and starring Lesley Hughes and Chris Young (all week except Sun and Mon). (24 23 11).

TOKYO

Tango Argentina (in English). Yet another original Broadway show for Tokyo, this is conceived and directed by Claudio Segovia and Hector Orezzoli. The sensual and powerful tango theme – like flamenco – fascinates the Japanese, mainly because sentiments and expression are at such a far remove from their own culture. Starring Nelida Rodrigues de Aure, Hector Nelso Avila and Cecilia Narova. Kosei Nenkin Kaikan Hall, Shinjuku.

A Streetcar Named Desire (in Japanese): Directed by Toru Emori with (incredible as it may seem) 78 year-old Haruko Sugimura playing Blanche. Since Ms Sugimura's first appearance in 1953, she has given over 600 performances in this role. The phenomenon speaks volumes on Japanese culture. At Seibu's new theatre. Ginza Saison. (535 0555).

Les Misérables: After London and New York, now Tokyo, and the Japanese version by the Toho Company. With the cast hand-picked by the creative team of producer Cameron Mackintosh (from an astonishing 12,000 hopefuls), then trained for six months in a special "ecole", rehearsed by John Caird himself, costumes, set, sound and lighting supervised by the respective original designers flown in from London, Toho's Les Miserables (for both process and quality control) is set to make musical history in Japan. Sponsored by the cosmetics company, Shiseido, Les Misérables stars Sakao Takida, Ran Ohtori, Huruhiko Saito, Goro Noguchi, Hiromi Iwasaki, Kaho Shimada. Imperial Theatre, near Ginza (201 7777).

CHICAGO

Sunday in the Park with George (Goodman): Stephen Sondheim and James Lapine's Pulitzer Prize winning musical based on suppositions about the life of artist and Georges Seurat stars John Herrera as the artist and Paula Scrofano as his lover, Dot, directed by Michael Maggio. Ends Aug 2 (443 3800).

Saleroom/Antony Thorncroft

Penn fetches £55,000

Christie's South Kensington yesterday held its finest ever auction of needlework. It dated from the 14th to the 19th century, and the collection had been formed from before the First World War. The most highly prized item was Sir William Penn's purse. It portrays Sir William, a mid-17th century nobleman, full length, in brightly coloured silks against a silver ground between a globe and his dog, Port. It sold for £55,000 and went to Stephen Huber, an American. Sir William's son, of the same name, founded Pennsylvania in 1682.

A record auction price for a Bernard Leach vase of £5,500 was paid at Christie's yesterday. The stoneware "fish" vase had been produced at St Ives around 1970 and was 37.5 cm high. Another record in the sale of modern glass and ceramics was the £61,600 paid by a German collector for a Venini vaze designed by Fulvio Bianconi in 1960. It has a colourful tartan pattern of blue, green, white, yellow and red, and carried a top estimate of £30,000.

A Bristol Deftware charger dating from around 1730, which had been brought to Sotheby's Harrogate office earlier this year for a free valuation, sold for £28,600 yesterday in a ceramics auction. It was bought by Sampson, the London dealer, who paid more than twice the estimate. Another discovery from a Sotheby "roadshow", a rare Bow coffee pot and cover dating from the early 1750s, also doubled its estimate at £10,450. A Staffordshire saltglaze teapot and cover of around 1755 went to Sampson for £18,150, as against a £4,000 top estimate.

Also at Sotheby's, instruments of science and technology made £155.166, but with over 25 per cent unsold. This was mainly because a rare Benjamin Martin brass and ivory orrery of between 1765-82 was bought in at £16,000. Top price was the £26,400 paid for a rare French graphometer by Philippe Danfrie, dated to around 1600.

Sotheby's ended its series of auctions in Monaco on a high note when a rare "Compagnie-des-Indes" figure of Budai, of early Qianlong period, sold for £95,689, way above estimate.

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Wednesday June 24 1987

Timidity on air fares

AFTER almost 10 years of tortuous negotiations and legal manoeuvres, the European Community is close to what may well be dubbed an "historic" agreement on European *airline* reform. But as transport ministers gather in Luxembourg today in a final effort to resolve their differences, many people are rightly concerned that the cheaper fares and wider consumer choice supposed to flow from the package will turn out *to be largely illusory.*

Compromise is the lifeblood of the European Community but thanks to the vested interests which underpin the European airline cartel the Commission's original proposals to inject more competition into the industry have been substantially watered down in the quest for consensus.

First Britain and now Belgium in their capacities as president of the EC Council *of Ministers* have tried to break the negotiating deadlock, but in each case the famous "bottom line" below which *it* is apparently *not* realistic to go to achieve satisfactory results has been moved lower and lower.

Take, for example, the important ideas on capacity sharing, the anti-competitive way in which European governments and airlines split pasengers and revenues on a 50-50 bilateral *government to* government basis regardless of underlying performance. Originally the commission said the maximum an airline should be guaranteed is a 25 per cent share—but the most that the ministers are now prepared to consider is 45 per cent at the *end of* two years, dropping to 40 per cent if all goes well at the end of the third year.

Legal action

More recently, discussions have focused on the sensitive issue of market access. But the effect of any moves to open up services between the major hub airports and regional airports will be limited by the large number of exemptions which Greek, *Italian*, Spanish and Danish negotiators have managed to write into the latest Belgian package. The proposals for multiple designation—that governments should allow more than one national carrier on established routes—will as things stand only apply initially where there are more than 250,000 passengers a year (though this restriction would drop to 180,000 in three years time).

The crucial question for ministers and the European Commission today is whether half a loaf—*or* some might say a couple of slices—is better than *none. The alternative* in the event of a collapse in the talks today or tomorrow is for the Commission to withdraw its proposals as threatened and proceed with its separate legal action already initiated under Article 89 of the Treaty of Rome.

Those in favour of taking what they can get—including certainly Mr Stanley Clinton Davis, the EC's transport commissioner, possibly a majority of commissioners and even the once enthusiastically liberal British Government—argue that the legal process could be long drawn out, messy and uncertain. Politically they point out that this week's meeting is a last chance for reform before the *more reluctant* Danes take over the presidency of the community and the single European Act, due to come into force on July 1, imposes new and time *consuming* consultation procedures on the Council of Ministers. Moreover, they say, market forces are increasingly provoking change and even a small political nudge from the EC will help to speed up the process.

Warning letters

This is a dangerous line of thinking, especially since what is at stake today is not just whether Athens or Malaga comes *into the package but* whether airlines and member states should be granted a three year exemption from the relevant competition rules of the Rome Treaty (a vital quid pro quo for any political agreement). The Commission's legal action may be a blunt instrument but the threats which Mr Peter Sutherland, the EC competition commissioner, has already delivered to the major *carriers in the form* of warning letters have had a profound impact on attitudes in the industry. This should convince the Commission that it possesses a powerful weapon.

The cause of greater airline competition and lower fares is an important consumer issue on which the Community can make a permanent mark. But unless it can genuinely be shown that the final package is a significant *step in the right direction, no* deal is better than a shoddy accord which the travelling public will sooner or later see through.

The bank's role in LDC debt

WHAT future role are the commercial banks to play in the resolution of the Third World debt problem? The question may sound superfluous given the widespread assumption that this role will continue to be large and central, almost whatever happens. Yet this week's report by the Institute of International Finance in Washington has challenged this assumption by suggesting that alternatives to bank finance should be increased and that the banks' contribution should be commensurately smaller.

This could turn out to be an ill-timed statement. It is bound to reinforce the impression, created by the large provisions which banks have recently made against their Third World loans, that they are trying to disengage *themselves from* the problem.

The positive aspects to the report fall into two areas: proposals for improving the management of the debt, and development of new forms and sources of finance. The banks offer, for example, to help debtor countries improve the *management of their liabilities,* using new interest rate and foreign exchange techniques. They also ask to be included at an earlier stage in discussions between debtor countries and the international financial agencies so that they do not have requests for new money forced or sprung upon them. These proposals could bring a more commercial flavour to debt management.

The report reiterates the banks' wish to see the IMF and the World Bank play a leading role so that pressure is maintained on debtor countries to get their houses in order, particularly by making loans conditional on internal adjustment or the establishment of certain policies.

The *creditor countries* are also asked to make their contribution by expanding export credit guarantees for Less Developed Countries *(LDCs), restructuring official* debts through the Paris Club, and creating a positive economic environment in which LDCs can boost their exports and flourish. Again, these wishes are perfectly reasonable.

But having set this grandiose agenda for the other parties *to the debt problem,* the Institute's report defines the banks' contribution much more narrowly. The guidelines it sets out specifically exclude the banks from filling gaps in LDCs' financing needs; it demands that debtor countries and the IMF/World Bank replace general purpose lendin with lending or specific purposes (trade and investment), and create better conditions for banks to exchange loans into equity.

Trade finance

The main thrust of the banks' argument is that they are not in the business of *making generalised loans* to finance countries' balance of payments, and that this now needs to be more clearly recognised. That may, in principle, be true. But the fact is that commercial banks did make exceedingly large general purpose loans to LDCs, and they are now stuck with them whether they like it or not. There is certainly no justification for the banks to try to narrow their role at this stage. Indeed, it is rather disappointing to find the report crudely shifting the blame for the debt crisis on to the debtor and *creditor governments,* as if the banks had had no part in it.

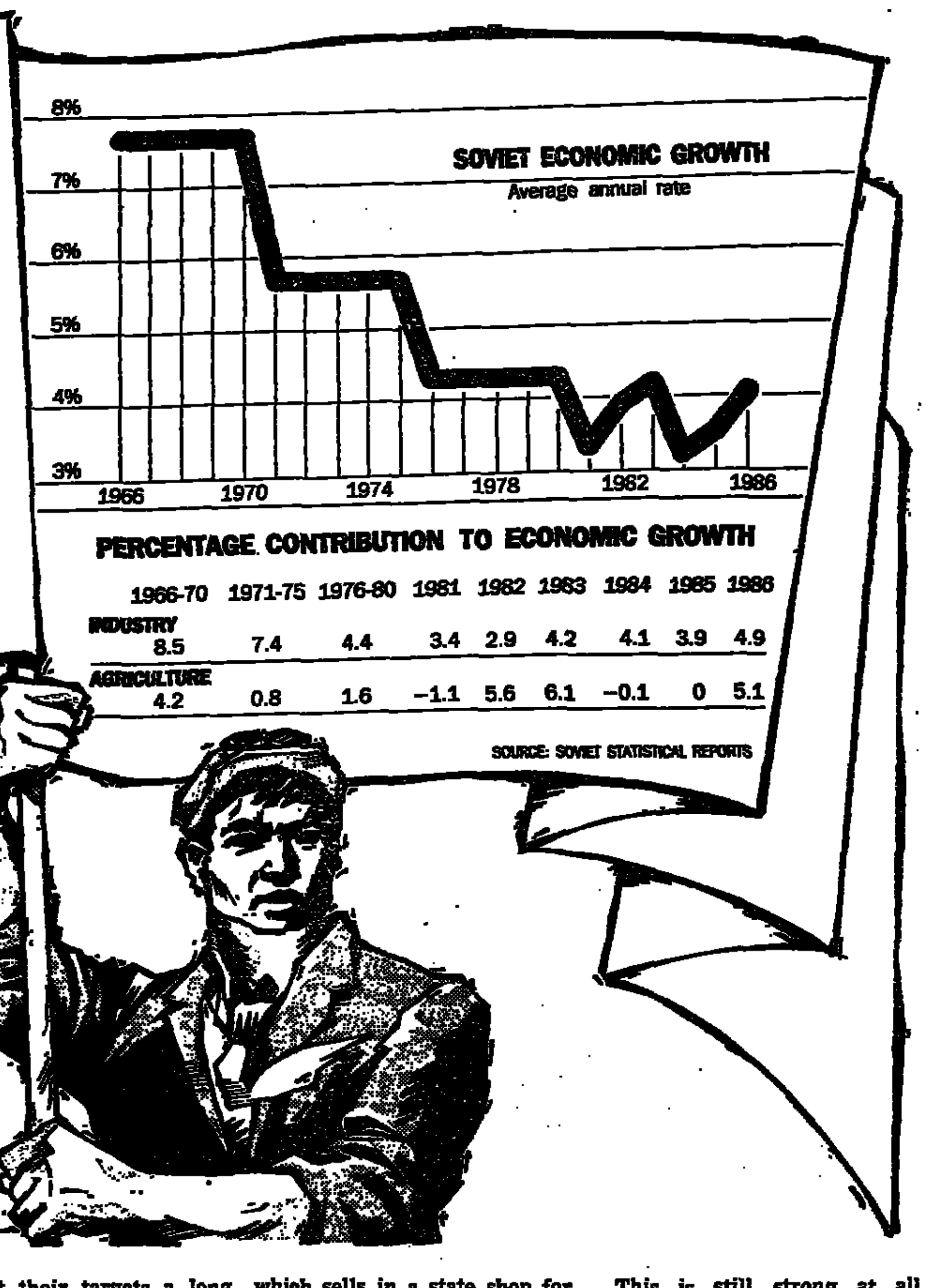
The suggestion in the report that opportunities be enlarged for conversions of debt to equity, deserves support but, like the provision of more trade finance, only with the recognition that it does not address the central problem of the LDCs' needs for cash. Even if the present amount of debt-equity swaps (about \$2bn-\$3bn) were multiplied many times it *would have little impact on a* debt mountain several hundreds of billions of dollars high.

Nobody can force the banks to lend good money on top of *bad, as* experience with the Baker plan as already shown, but neither can they walk away from their existing involvement, or hope that some official fairy godmother will bail them out. What they might usefully discuss is the price they are prepared to pay to encourage a bail out, by passing on their claims at the kind of discounts which their provisioning now begins to suggest. As it stands, they show more realism about the problem than about the solution.

The Soviet economy

Gorbachev and the committee

By Patrick Cockburn in Moscow



	1966-70	1971-75	1976-80	1981	1982	1983	1984	1985	1986
INDUSTRY	8.5	7.4	4.4	3.4	2.9	4.2	4.1	3.9	4.9
AGRICULTURE	4.2	0.8	1.6	−1.1	5.6	6.1	−0.1	0	5.1

IN THE battle to reform the Soviet economy, Mr Mikhail Gorbachev is facing a critical moment. The balance of power between radicals and conservatives is so even that economists will predict only that the struggle will be prolonged and intense.

At stake is the shape of the Soviet economic system, largely created between 1929 and 1932, under which the central authorities in Moscow allocate *resources of goods and labour* and determine the value at which they are sold.

Soviet reformers have realised that piecemeal economic reforms introduced since Mr Gorbachev came to power two years ago have been thwarted by the unaltered control of the *commanding heights of the* economy by organisations such as Gosplan and Gossnab—which together control the Soviet supply system—and by the ministries in Moscow.

The key issue at tomorrow's planned meeting on the economy of the Communist Party's 307-*strong Central Committee,* will be the production of a coherent plan to reduce the power of these central bodies so as to allow enterprises to allocate resources by negotiating contracts at prices which reflect supply and demand.

The proposed reforms would change more than the method of economic management. In a centrally run economy, political and economic leadership are the same, so the reforms would curtail or end the authority of some of the most politically powerful men and organisations in the Soviet Union.

Not *surprisingly* there *is* strong, if covert, resistance in every party and government institution, from the Politburo down, as the implications sink in.

Conservatives "are afraid that with the abolition of directional planning, there will be anarchy *of production," says* Dr Boris Kurashvili, a specialist on the reform of the Soviet state and economy of the Institute of State and Law in Moscow.

The Central Committee will discuss a new law on state enterprises, already published in draft form, which aims to *increase the independence and* rights of individual enterprises. But economic reformers say the extreme ambiguity of its language reflects rather than resolves key questions. A senior manager at the Sumy engineering plant in the Ukraine, which has conducted an experiment in financial autonomy over the past three years on whose results the new law is partly based, said earlier this month that the Moscow ministries were still very much in control. "In practice, the quantity of goods produced remains the index by which we are judged," he said.

Mr Gorbachev told a recent conference that it was the power of the *central economic bodies* which frustrated the more limited economic reforms attempted in the 1960s and 1970s, ensuring that they were applied "in a very truncated form."

The fate of the modest reforms introduced during Mr Gorbachev's own two years in the Kremlin suggests that in any contest for authority between central bodies and *newly enfranchised enterprises,* the former tend to triumph. Enterprises may have received more rights but, in practice, they have neither the incentive nor the strength to use them.

For example, some 21 ministries and 75 enterprises received the right to trade abroad from the beginning of this year, but have shown little interest in competing for foreign markets. A principal cause of this is lask *of experience since these organ*isations do not compete on the domestic market, where their inputs and outputs continue to be planned in the traditional centralised way.

The fact that the Soviet economy is managed through the central allocation of goods and labour and not through direct negotiations between producer and consumer is also neutralising the effect of regulations introduced over the last year to allow people to set up co-operatives or engage in jobs.

As an illustration of problems facing new ventures trying to trade legally within the present system, Dr Alexander Levikov, head of economics at the weekly newspaper Literaturnaya Gazeta and an advocate of reform, cites a co-operative recently established to build wheelchairs in the Baltic republic of Estonia.

The co-operative needed steel pipe and the engineer who set it up knew some was being discarded as scrap by a near-by *plant. The plant* was *willing* to sell it to the co-operative, but could not because its plan for scrap had been devised in Moscow. If the pipe were sold at a higher price to be made into wheelchairs, there would not be enough metal left to fulfil the plan for scrap.

Every commentary, *from* anecdote to scientific survey, indicates that *economic reform* is failing to make headway. A professor conducted an experiment to try to make a collective farm, in the Altai region of Siberia, self-financing and economically independent. But he found it could not cut free from central direction. "If the *farmers do not follow* instructions they are denied equipment and other needs," he said.

Dr Otto Latsis, an economist on the party's theoretical journal, Kommunist, says the effect of new laws—on individual labour, co-operatives, joint ventures, foreign trade and *the right of collective farms to* sell part of their produce on the free market—will have only limited effect unless there is fundamental change in relations between buyer and supplier, in favour of the former.

Frustration at the failure of the earlier Gorbachev reforms *has led to much sharper criti*cism of central government organs, such as Gosplan and Gossnab, the state committees for prices and labour, the Finance Ministry and the 50 or so industrial ministries. "If you want to kill an idea, just turn to Gosplan. They will arrange *a funeral at the highest level,"* two economists wrote recently.

Bitter jokes like this were often told in the past, but never published in the press. Last month, Dr Nikolai Shmelev, an economist, went further and denounced the whole way the Soviet economy had been run *for the past 50 years.* "Today we have an economy of shortages, totally unbalanced and unmanageable, and to be perfectly honest, virtually unplannable, and which still does not accept scientific progress," he wrote in the magazine, Novi Mir.

He even denied that socialist ideology required central administration of the economy, an important charge since it undermines one of the chief defences of the central economic bodies—that any shift from plan to market is a betrayal of the central core of belief *on which the Soviet state* was founded.

More temperate criticism holds that allocation of scarce *resources from above may have* been necessary in the 1930s and 1940s, to industrialise the country and win the war, but that these methods are obsolete. The economy is beset by chronic imbalances between supply and demand, which are choking growth. "Supply *deficiencies, like long-range* guns, hit their targets a long way ahead," said one writer in Socialist Industry.

The fact that almost all Soviet citizens have suffered from this long-range bombardment is the strongest card in the hands of Mr Gorbachev. The problem is that *his* remedies *require a revolution from* above and a degree of upheaval which frightens many party and state officials.

It is significant that the reform which works best is the establishment, early this year, of a centralised organisation for quality control with inspectors in most big factories. Adopted from the military industries, it has improved the quality of output.

It is clear, says Dr Levikov, that the system of price information must be changed and "if it doesn't happen, then all the other reforms are useless." At present, prices are determined by the state committee for prices in Moscow but if the financial independence of enterprises is to have any meaning, they must be free to negotiate contracts with other enterprises.

The cost of basic food and services presents a different problem. Reform economists advocate state-fixed prices for them, but at a level which better reflects the balance between supply and demand and relieves the state of paying heavy subsidies. This would *mean raising the price of meat* which sells in a state shop for two roubles (£2) a kilo but costs the Government five roubles to produce. The poorly paid and pensioners would be *compensated for the rise in the* cost of living.

Going by the experience of Communist governments in Eastern Europe, it is the success or failure of price reform which is the key to the success of economic reform. In Hungary, a change in the price system was *successfully introduced,* but in Poland it provoked riots in 1970, 1976 and 1980. The issue of prices also provides an opportunity for conservatives within the party to look for popular support against a rise in the cost of living.

How quickly can the reform of the Soviet economic system be carried through? Mr Gorbachev has spoken of the state enterprise law coming into effect by the beginning of 1988, together with changes in the powers of the central bodies. Complete change in the economic mechanism would come from the start of the next five-year plan in 1991.

Working groups will consider the future of the central econ*omic* bodies and there is a scheme to cut the staff of Gosplan by 50 per cent. But the determining factor in the tempo of reform is the political struggle within the party and state. It all depends, says Dr Kurashvili, on "how long it will take to break the resistance of the apparat."

This is still strong at all levels. Many members of the Politburo and the Central Committee have risen through managing the present system. *If anybody benefits from the* unreformed Soviet economy, it is they.

The radical supporters of Mr Gorbachev in the Politburo and party secretariat, such as Mr Eduard Shevardnadze, the Foreign Minister, and Mr Alexander Yakovelev, the party secretary for propaganda, are generally in political rather than economic jobs. Mr Nikolai Ryzhkov, the Prime Minister, *and Mr Nikolai Talyzin,* the head of Gosplan, have backgrounds as competent administrators rather than reformers.

*At tomorrow's central com*mittee meeting it will be important, therefore, for Mr Gorbachev to demonstate his overall political strength by promoting some of his supporters. Diplomats say he wants to give either Mr Yakovlev or Mr Boris Yeltsin, the party chief for Moscow, the status of full members of the Politburo.

Mr Gorbachev's commitment to radical economic reform rather than the incremental change of the last two years cannot be in doubt. But tomorrow he needs to persuade the central committee that the transformation of the system which they manage is feasible and necessary—and that it can be carried through without reducing the economy to chaos.

Men and Matters

Lawson's surprise choice

Nigel Lawson surprised Westminster yesterday by naming Nigel Forman, usually linked with the "wets" on the Tory backbenches, as his new parliamentary private secretary.

Forman, MP for Carshalton and Wallington, has kept his eloquent criticism of various aspects of the Government's policy strictly within bounds and never gone into the wrong lobby. He entered the Com*mons in a by-election in 1976* just before Denis Healey did his famous about-turn at Heathrow on becoming Labour's IMF Chancellor.

He has earlier experience of the role of the PPS—best defined as "keeping your ears open and your mouth shut"—*having acted in that capacity* for Sir Ian Gilmour and Douglas Hurd when they served with Lord Carrington at the Foreign Office.

Forman caused quite a stir when unsuccessfully challenging Sir William Clark for the chairmanship of the Conservative backbench finance committee.

He demonstrated his entitlement to be classified as "sound" by the Tory whips by agreeing *to carry on as vice-chairman.*

A spell as PPS to a Tory Chancellor usually leads to ministerial office. Peter Lilley, Forman's predecessor is now Economic Secretary to the Treasury, and Tim Renton and Ian Stewart are among others who have progressed along the same path.

Island hopping

With what seems to be almost impertinent initiative, the Isle of Man's economic adviser, John Webster, starts a visit to Guernsey and Jersey today to promote the financial, business and residential attractions of his rival offshore island.

But Webster and his team—which includes a banker, estate agent accountant and a corporate administrator—are apparently confident of a warm reception.

One Manx estate agency which has already made a foray into the Channel Islands found some tax exiles there quite attracted by the idea of selling their properties at the current high prices and moving with the capital gain to the cheaper, and less crowded, Isle of Man.

The Channel Islands business community is also likely to lend Webster a ready ear. The continuing boom in finance business, coupled with the *islands'* tight restrictions on importing people, is leading to an acute staff shortage. As a result, several finance houses are considering *moving at least* part of their operations to the Irish Sea.

City designs

Councillor Ann Pembroke has emerged from the City of London's *debates about* Peter Palumbo's designs for a new building near the Bank of England with the distinction of having found a new argument for not constructing it.

As the City's planning committee debate flowed to a narrow vote against Palumbo, *she invoked Rififi as a reason* for not pulling down the listed buildings to make way for a new one. Rififi, a film of the criminal underworld made over *30 years ago by Jules Dassin,* an American exiled in France, was partly filmed at Mappin and Webb's, she said.

Mappin and Webb is the jeweller at the apex of the triangle of buildings Palumbo would like to demolish.

Such specialised erudition *was generally missing* from the debate as councillors wrestled with the question of whether James Stirling's design would be better for the City than the Victorian Gothic buildings they would replace.

Alfred Dunitz sighed for the last century — "We should keep some of the buildings to remind us of this Golden Age." And, warned Hugh Barnes, "If members vote to remove the heart of the City they do so at their peril."

The anti-Palumbo members turned their attention to the Stirling plans. "Repugnant in *this area," asserted* John Minshull-Fogg. "A Florentine fortress," snorted Tom Wilmot, the deputy chairman of the committee—"how can we say the replacement picks up the character of the area?"

But as Peter Rees had told the committee at the outset: "*Great works of art usually* produce hate as well as love." Ann Pembroke did not recall whether Dassin loved or hated Mappin and Webb's.

Kohlberg's deal

There comes a time, *says Joseph* Rice, a New York specialist in leveraged buy-outs, when "we've made more money than we know what to do with." For Jerome Kohlberg, who more or less invented the LBO and has built a fortune of perhaps \$200m from taking companies private, that moment has come.

He is retiring from an active role at Kohlberg Kravis Roberts, the company that has become a symbol of the immense profits *to be made from busting up* industrial conglomerates.

Kohlberg, 61, a bald, bespectacled man who is much liked on Wall Street, performed his first LBO 20 years ago while still at the investment firm of Bear Stearns. In those days the deals were known as "bootstraps" but the principle was the same: a group of sharp investors, usually including management, borrow a lot of money to buy out the company's owners.

They then sell off assets or hold off on suppliers' bills to pay off the crippling debt, so that their small equity stake grows rapidly. When Kohlberg founded KKR in the late 1970s with two other Bear Stearns executives, Henry Kravis and George Roberts, the LBO was just for small companies. But *in 1984,* KKR did its first \$1bn deal.

With the help of a mammoth issue of junk bonds, KKR stunned Wall Street last year with a \$6.2bn buyout of the Beatrice companies. "I had no idea it would take off in this way," Kohlberg says.

Since a 50 per cent annual return is considered modest in the LBO business, the field has become more crowded while institutional shareholders have been grumbling about being cheated. There are strong hints that Beatrice's remaining assets are to be re-sold to the public at almost twice the buy-out price.

Like many of his generation, Kohlberg has been speaking publicly about the greed stalking Wall Street. He told the New York Times he had "philosophical" differences with his much younger partners and he is founding a new *partnership* with his son James, specialising in smaller deals. "I'll stick with deals where reason still prevails," he says.

Account book

According to a Florida publication, Graphic Communications World, the best-selling author of "How You Can Become Financially Independent by Investing In Real Estate," and "197 Creative Financing Techniques," has made news again —by filing for bankruptcy.

Observer

British politics after the election

Time yet to find an alternative

By Peter Pulzer

IN THE YEAR after an election what happens to the opposition is a good deal more interesting than what happens to the government. The winner's immediate problems are solved; it is the losers who have to get down to serious thinking, whether the Social Democrats in West Germany, the Communists in Italy or Labour and the Alliance in Britain.

In some respects the opposition parties' problem is particularly acute in Britain. Mrs Thatcher's third victory is her most impressive so far. Though the Conservatives' share of the poll is almost unchanged from last time, their electoral base is more secure. They are stronger than ever before South of the Severn-Wash line; their share of skilled workers and trade unionists has remained stable.

Labour's gains were among declining groups. The Conservatives did not actually gain among expanding groups, but they do not need to: as the number of home-owners, of *private sector employees and of* the middle classes increases, and as long as those becoming better off exceed those becoming worse off, the Conservatives have merely to keep their share of them in order to stay in power for ever.

And yet, and yet. There is no majority in Britain for a divided and polarised society. There is no majority for tampering with the bases of the welfare state or for further privatisation. There is no majority for reducing income tax in order to reduce public expenditure. There is no majority for the Prime Minister's style of government, in particular its intolerance of any independence or dissent, whether in the media or the churches, the civil service or local government. The trouble is that there is no majority for anything else either.

The divided opposition that has enabled her to win two landslides in a row is not an organisational or psephological accident. It reflects a political and ideological reality, common throughout the developed world. The intellectual hegemony that the Left has exercised for the best part of a century, has been replaced by doubt, the faith in mass organisation has been undermined, the consensus on what constitutes progress has gone.

All West European Social Democratic parties, as well as the few Communist parties that still count for anything, have had to cope with a shrinking proletariat and declining trade union membership. All have tried to adapt to the new issues that constitute the post-materialist agenda—protection of the environment, the advancement of minorities, doubts about growth, doubts about bureaucracy, greater rank-and-file political participation. Most have had to *acknowledge that continuous* growth as the motor of ever-increasing welfare went out of the window with the oil crisis and that the cold war pro-Nato consensus is broken.

Only in very few cases has this attempt to contain two vintages in one bottle been a success. The incompatibilities are too great. The non-revolutionary blue-collar element may no longer be enough to win elections, but it remains just strong enough to fight off the *post-materialist* infiltrators. The struggle between those who wish to maintain the system, but to do better out of it, and those who wish to change it is now being fought inside the European Left, not between Left and Right.

Yet for all the obvious and expected similarities between the *Labour Party's* problems and those of its sister parties, there is one major difference. The others do a lot better. No West European democratic Socialist Party can parallel the Labour Party's decline from 48 per cent of the vote in 1966 to 31 per cent in 1987.

True, those parties that still get over 40 per cent have special advantages. Austria and Sweden as neutral states, and Norway, thanks to its special status in NATO, are exempt from damaging splits on defence policy. The Socialist parties of Southern Europe are essentially new formations, without nineteenth-century ideological baggage or *apparatchiks* with entrenched interests.

But even those parties whose poll is closer to that of the Labour Party — the West German, Dutch, Belgian and French — are not on an irreversible downward slope. Their most recent performances are not out of line with their general electoral history.

Then why not the Labour Party? Why is it that about a quarter of the electorate, people who share at least some of the values of the left, vote for a Liberal-SDP Alliance, whose *raison d'être* is the unacceptability of the Labour Party? The 1981 constitutional change creating the electoral college for the party leadership and *bringing* in mandatory reselection for sitting MPs, was designed to diffuse accountability and separate power from responsibility. Both the intention and the effect was to favour, in Bagehot's telling phrase, immoderate persons far removed from the scene of *action at the expense of* moderate persons close to the scene of action. Labour became unable to act as a parliamentary party, a fatal defect in a parliamentary system. More formal power was given to the trade unions, although their internal decision-making processes left everything to be desired.

More formal power was also given to the constituency parties, which meant caucuses answerable to no one in particular. The reinforced left in the new Parliamentary Labour Party was put there by these self-appointed selectorates.

Constituency parties have always tended to be, in Sidney Webb's description of 1930, "unrepresentative groups of nonentities, dominated by fanatics, cranks and extremists:" the bosses were there to protect the parliamentary leadership from their pressure. In some continental Socialist parties, in particular West Germany, Sweden and Austria, union representatives still play this stabilising role. In Britain, such a reversion to boss rule is out of the question, but organisation is one of the factors separating Labour and Alliance supprters.

As surveys have shown, Alliance supporters have no very distinct social profile, but they do have a highly distinct attitudinal one. They give priority to constitutional reform, civil liberties and protection against the abuse of power. The self-image of the Alliance supporter is that of the rational citizen beloved of nineteenth - century Liberal theory, who derives his political strength from his inner resources, not organisational loyalty. The SDP made one-person-one-vote the cornerstone of its constitution. It is that, even more than differences of opinion on nuclear weapons or public ownership, that distinguishes the style of Alliance politics from that of Labour.

There can be no viable alternative to Mrs Thatcher without some realignment. The realignment that consists of marginalising the Labour Party, or of detaching the sensible, Northern Labour Party from the London loonies, which seemed not unrealistic after Greenwich, is now not possible. The alternative is some kind of rapprochement.

Nothing much can happen until the Alliance parties have decided whether and how they *are to merge. On the Labour side* Mr Kinnock's commitment to the extension of one-person-one-vote is a recognition of what, more than everything else, is holding back Labour's appeal: resentment at trade union domination and fear of bullying by uncontrolled constituency activists. Mrs Thatcher has appealed to one important constituency by promising emancipation from the state. Her opponents, broadly defined, now have the chance to satisfy another aspiration of the skilled property-owning employee — social reform not vitiated by machine politics. If they do that, they could yet succeed where at least some other European parties have shown the way: in responding to the political as well as the economic demands of post-industrial society. And, as the Labour Party contemplates its 31 per cent, it might consider something else that is *confrères* take for granted: that the road to salvation lies in proportional representation.

The author is Gladstone professor of government at Oxford and a fellow of All Souls.

A socialist match for Mrs Thatcher: Mrs Gro Harlem Brundtland, whose Labour party has over 40 per cent of the vote in Norway

Economic summits

A small but worthwhile step for mankind

By Robert Hormats

THE Venice Summit marked a further — though too small — step toward shared leadership of the world economy. To be sure, the assembled heads of state and government could have done more, but the summit process is a visible annual reminder that in the late 20th century, nations may have *de jure* soverignty, but *de facto* their fortunes are intertwined. Common dependence on a healthy world economy requires a common effort to achieve it.

We are in the midst of the second great transition of international economic power in this century. From 1920 to 1940 the US failed to recognise the economic strength it had inherited from Britain and the responsibility that conferred. It protected its market rather than championing open trade, and waited to defend fellow democracies until it was almost too late. For 20 years the world lurched from one trade and financial crisis to another, then to political confrontation, and then to war.

The post-war order was predicated on the pre-eminent economic and military power of the US. For 40 years, leadership of the free world required the US also to be its economic benefactor.

But the US has been hit by a surge in the commercial and financial strength of its economic partners, along with recent large trade deficits and its new status as the world's largest debtor, which have reduced its will and ability to shoulder global political, military and economic commitments.

If Americans believe that allies who have acquired financial strength are doing too little to help the US to reduce its trade deficit and are not assuming a fair share of western military, energy, security and aid burdens, and if those allies feel that the US is unfairly blaming them for problems of its own making, pushing them to adopt policies counter to their interests, and using its payments deficit as a pretext for backing off commitments to the security of its allies or to open trade, western economic and security relationships will suffer.

The race is between deepening economic problems and the evolution of plural western leadership to avert them. The first requirement is for Europe, Japan and the US to reduce large trade imbalances without causing a global recession.

Finance ministers and central bank governors of Britain, France, Japan, the US and West Germany have engaged in a virtually unprecedented process of engineering change in domestic policies and currencies to reduce trade imbalances. At *Venice, leaders themselves* weighed in. Japan's Prime Minister Nakasone underscored his commitment to introduce tax cuts and spending increases amounting to a stimulus of \$42bn (£26bn).

But sustained progress towards growth and balance in the world economy also requires a change in attitudes to future policy-making. Europe and Japan will need to break out of post-war complacency born of the notion that the US would forever order its policies so as to ensure a healthy world economy — perceiving themselves less responsible for that economy — whilst they pursue policies purely aimed at domestic goals, even if they are inconsistent with world trade and growth requirements. Western Europe and Japan depend heavily on a world economy the health of which now depends *every bit as much on their* actions as it does on those of the US.

Washington's attitudes too must change. President Reagan noted at Venice that in 1987 the US federal deficit will decline from \$220bn to \$180bn. But he did not dispel doubts about future years. He still seems not to recognise that the financing of US government borrowing is now heavily dependent on foreign capital. His failure to achieve his objectives at Venice—in part the result of allied disillusionment at amateurish foreign policy making in his administration—can also be attributed to the hard fact that a heavy debtor nation is in a relatively weak position to insist that others comply with its economic wishes.

Providing overseas assistance is part of the responsibility that accompanies wealth in western nations. The US recognised this in the years just after the Second World War, when it had the lion's share of world capital and transferred 4 per cent of its gross national product abroad. At *Venice,* Japan pledged a multi-billion dollar package to the Third World.

But deteriorating situations in Brazil and Africa illustrate that Third World debt is fraught with serious implications. The summit failed to reflect a sense of urgency or magnitude. The US allies now have the capacity to provide more funds while the US, in the process of cutting its budget deficit, is unlikely to appropriate significant new money. They need to up their aid share and provide incentives to their private sectors to recycle ,in the form of lending to worthy projects in the Third World, a larger portion of the capital they are accumulating.

Much discussion at the summit appropriately centred on the security of oil shipments. Yet in the confusion as to what precisely Washington's policy was in the Gulf, and what its allies would agree to *support, leaders missed* an excellent opportunity to strengthen Western energy solidarity by committing themselves to increasing strategic oil reserves, modifying regulations and incentives to foster greater domestic energy production, financing oil production in non-OPEC nations, and updating plans to cope with shortages.

The summit made little progress. But it did once again focus world attention on two fundamental realities: one, financial and goods markets are so closely linked that no country can achieve prosperity in isolation; and two, no country—not even the US—can alone ensure international economic stability and growth. We are all better off if western leaders sit down together once a year to try to achieve these objectives gradually, thereby accepting shared responsibility for the world economy, rather than sitting at home and working at cross purposes.

The author is vice-president of Goldman Sachs. He was a member of the US delegation to eight economic summits.

Letters to the Editor

Meeting demand

From Mr S. Ward

Sir,—The recent debate over *supply-side improvements* in UK manufacturing (John Muellbauer June 10 and June 20, Giles Keating and Peter Spencer June 15) has concentrated on trends in labour productivity. This can result in misleading conclusions about the ability of UK firms to meet prospective increases in demand.

Despite the recent pick-up, manufacturing output in April was still only 3.7 per cent above its level of two years earlier. Over the same period, import volumes of finished manufactures (excluding erratics) rose by 6.9 per cent. Yet in the two years to the fourth quarter of 1986, UK competitiveness (as measured by relative unit labour costs) improved by 5.9 per cent. This is hardly a record of supply-side success.

Part of the explanation is that many firms face capacity constraints at current levels of output. According to the latest CBI survey, the percentage of firms expecting output to be limited by a shortage of plant capacity is now at its highest level since 1973. Under these circumstances, the main threat to price competitiveness comes not from labour cost developments but from increases in profit margins as firms raise prices to choke off excess demand.

Capacity considerations are also relevant for productivity trends. John Muellbauer's approach is to split productivity growth between three causes: cyclical changes in utilisation rates; changes in the ratio of capital to labour used in production; and a trend (currently estimated at 3.15 per cent a year), representing the impact of factors such as new technology and improved working practices. There is now limited scope *for a further increase* in utilisation rates to contribute much to productivity growth. Moreover, unless investment this year turns out much higher than generally expected, a further rise in the capital to labour ratio will add only around 0.25 per cent to *productivity, assuming* that manufacturing employment is constant. Adding this to the 3.15 per cent trend gives Muellbauer's estimate of 3.4 per cent underlying productivity growth.

Giles Keating and Peter Spencer are more "*optimistic*," in the sense that they expect employment to fall further, raising the capital to labour ratio and pushing productivity growth up to 4.0 per cent. But for this to be correct, a decline of around 1.8 per cent in employment would be necessary. So with productivity rising by 4 per cent, total output would grow by only 2.2 per cent, well below the likely increase in demand for UK manufactures, at least in 1987. To represent this as a healthy supply-side scenario is questionable, to say the least. What is required is high productivity growth achieved, not through labour shedding, but by an expansion of investment and capacity. Only then will UK firms be in a position to respond fully to rising domestic and overseas demand.

Simon Ward (Economist),
Lloyds Merchant Bank,
40-66 Queen Victoria Street, EC4.

A gallery's progress

From the Director, Dulwich Picture Gallery

Sir,—In his well-judged article (June 18), Sir David Piper gives an accurate impression of Dulwich Picture Gallery's strengths and problems. May I add two points?

Sir David remarks that sponsors tend to prefer to support larger institutions. I am happy to be able to record that following the recent appointment of a sponsorship and development officer for the gallery, the gallery enjoys the support of 40 corporate friends, and has gained sponsorship from British Petroleum, Strollmoor, and Christie's for, respectively, educational, artistic and marketing activities. We are confident of attracting more sponsorship in the future.

Sir David suggests that we receive no public financial support. This is not quite accurate. The Inner London *Authority has for the past three* years seconded a full-time education officer to the gallery, to such good effect that early this month the education officer was one of the five winners in the award scheme launched by the National Art Collections Fund. Our appeal was boosted by a grant from the Government of £25,000 in 1985. And from the London boroughs' grant unit and the Museums and Galleries Commission we receive a very welcome annual grant (just over £7,000 in 1986-87).

But what the Lord giveth, the Lord taketh away. Southwark benefits at least as much as any other London borough from the far-sighted generosity towards the gallery of the ILEA; and is interested in increasing its attractiveness to tourists. This does not stop the borough from levying rates on the gallery: £4,150 in 1986-87, leaving from the London boroughs' grant a credit balance of some £3,000.

We feel that the gallery is not only deserving in itself, but has made, and continues to make, every effort to maintain its future. But a little more evidence of support and encouragement from public authorities would indeed make a great difference.

G. A. Waterfield.
College Road, SE21.

Politics in Italy

From Mr G. Ciraolo.

Sir,—In your editorial comment on Italy's electoral results (Italy: mixture as before, June 17), you express the opinion *that the electorate has cast a* vote for stability and for a renewal of the conflictual but quite successful collaboration between Christian Democrats and Socialists. I think you miss the crucial point which seems to have emerged from our election: that it that, for the first time in the last 20 years, the Socialists have gained votes not from the electoral areas of the governmental partners, but from the younger and tactical areas of the Communist Party. If this trend continues, the impressive industrial and social transformation of Italy as an advanced western society is *likely to make it last for years,* then the Socialist Party will progressively emerge as the second, democratic and relevant pole of Italian politics: its conflictuality will not consequently be expressed inside the old centrist majority, but against it. The Socialists' objective will not be that of an organic governmental collaboration with the Christian Democrats, in order to capture marginal fractions of the moderate electorate (a strategy that failed in 1983), but instead that of attracting much more massive portions of the unsatisfied non-Marxist Communist voters. A French-like political situation is then very probable in the foreseeable future.

What does all that means in terms of the present political prospects? It means that we are partially coming back to the 1979 situation, with a Socialist *demand for Prime Ministership* (on more leftist grounds) which will be obviously rejected by Mr De Mita (after the Socialists will have indignantly rejected an analogous demand coming from the Christian Democrats, as they did in 1979), and then with the unavoidable formation of a "post-war" government full of "technicians" belonging to the two main governmental areas (like the first Cossiga government in 1979). A government like that will have precisely the task of accomplishing some modest reforms in the areas that you pointed out as critical to Italy's future: efficiency of public services, a fairer fiscal system, some marginal improvements in the quality of military forces (especially those integrated in the NATO's rapid deployment force), and so on. Please don't despair about that, following your traditional Anglo-Saxon scepticism about Italian habits! The first Cossiga government, which was full of independent "technicians" of the Socialist and Christian Democrat areas, was probably the best that Italy has had in the last 20 years: we enjoyed in 1979 a record economic growth, a steady inflation, a declining budget deficit (as a proportion of GNP), the first fiscal reforms towards fairer taxation, the first significant Italian initiatives in foreign policy after a period of full absorption by internal affairs, some initial improvements in the military forces. We need exactly the same now. The Christian Democrats need it, in order to reaffirm their capacity to lead the *centrist* area; and the Socialists need it too, in order to prepare the future emergence of an effective political altrnative to the Christian Democrats' rule, as it happens in any other west European country. At last, the absurd "diversity" of Italian politics is progressively fading.

Giovanni Ciraolo.
Via Nazionale 54,
00184 Rome.

Economics ministry

From Mr P. McGregor

Sir, — The failure of Mr George Brown's department of Economic Affairs did not "show the fallacy behind the attempts to create an alternative economic ministry," as suggested by Malcolm Rutherford (June 19). It *showed* the usual Labour Party incompetence in diagnosing a problem and finding a solution. It certainly does not mean that things should be left as they are.

The solution for a brave Government is to turn the Treasury into the Department of Econo*mic Affairs, and to transfer its* control over budgeting and expenditure (at which it is not very good anyway) to a new Department of Finance, possibly based upon the Audit Commission. The new economics ministry would have to argue its own policy corner, and no longer would be able to talk down alternatives to its frequently inadequate analysis and prescription by using its stranglehold over the day-to-day exercise of their responsibilities within properly defined budgets by other departments.

Peter McGregor.
Dacres, Troutstream Way, Loudwater, Herts.

FINANCIAL TIMES
Wednesday June 24 1987

Paul Betts on a pre-election obsession with the health of the French economy

A question of political subjectivity

THE QUESTION of whether France has entered an irrevocable decline has, in the past few weeks, increasingly haunted a country which has traditionally had a peculiar obsession about its role in the world and the notion of "grandeur."

A recent string of disappointing economic statistics, a decline in the *bourse and* a series of political squabbles inside the right-wing parliamentary majority has helped generate a mood of melancholy and concern over the country's prospects.

An "inquiry on the decline of France" is this week's cover story in the magazine Le Point. Economic pundits have for some time talked of gloom and doom in Paris salons and in their newspaper columns. But the issue has assumed a major political *dimension and is turning* into what is likely to be one of the principal themes of the imminent campaign for next year's presidential elections.

Some of the country's main political figures, including leading candidates in next year's presidential contest, have reacted forcefully in the past 24 hours to the theme of French decline at political rallies in different parts of the country.

President Francois Mitterrand, on an official visit to Normandy, spoke at length on the subject claiming that France had not gone *into a "fatal decline" and was not in* the disastrous situation portrayed in recent weeks.

Less surprisingly, Mr Edouard Balladur, the economy and finance minister and number two in Mr Jacques Chirac's right-wing Government, also condemned what he described, in a speech in Britanny, as "a totally excessive wind of pessimism."

But at the same time in Corsica, Mr Raymond Barre, the former prime minister and the most dangerous rival of either Mr Chirac or Mr Mitterrand in the next presidential elections, warned of the worrying economic and social situation facing France.

Irrespective of the pro and cons of the recent thesis on France's decline, the debate on this issue has all the ingredients of a pre-summer holiday bout of presidential electioneering. Indeed, the issue is likely to be picked up in force in September when the major players in the presidential campaign get into full swing.

Perhaps the most interesting and intriguing aspect of the current debate is the convergence of views between President Mitterrand and Mr Chirac. From the beginning of their *power sharing or "cohabitation"* experience, the socialist president and the neo-Gaullist prime minister *have played a subtle and often not* so subtle political cat and mouse game, but Mr Mitterrand did not hesitate this week to back the prime minister in arguing against the doom merchants.

"It is in both of their interests to fight this idea of decline," a right-wing French political commentator said yesterday. "Despite the last two years of right-wing government, President Mitterrand is forced to defend the overall track record of his seven year presidential term.

As for Chirac or Balladur, they obviously can't go round saying that the country is in decline especially as the election timetable closes in. There is therefore an objective complicity between the two sides on this issue."

In turn, if the idea of the decline of France could prove politically damaging for both Mr Mitterrand and Mr Chirac, the current mood of pessimism is generally expected to boost Mr Barre's chances.

Indeed, the former prime minister of President Valery Giscard d'Estaing was in eloquent mood on *Monday night at Ajaccio when he* addressed the issue in what was regarded by French political obser*vers as "a real presidential election* speech."

Mr Barre has been preaching for a long time that France is falling behind its western partners. In Ajaccio, he said France would have to choose "between economic and social progress based on the spirit of endeavour and dynamism or mediocrity based on state assistance and economic and social protectionism which will lead us irrevocable to regression and decline."

He added that France would also have to choose between partisan policies which would lead to catastrophe or national considerations which could help salvage the country.

"France today is the victim of two oil shocks which all the other countries experienced." However, it had suffered a third shock with the policies of the socialists in 1981 to 1983. If the deterioration had now been halted, France had failed so far to recover and to "climb back up the hill," Mr Barre said.

*In what is becoming an increas*ingly charged pre-election political climate, there is a growing risk that *objective analysis of the economic* and social outlook of the country *could be overshadowed by the rising tide of electioneering* and political manoeuvring.

While the short-term outlook for the French economy remains relatively gloomy – the latest poor trade, economic growth and unemployment figures have been major disappointments for the Chirac government – there are more encouraging medium term trends on corporate profits, investments in certain key industrial sectors such as the domestic car industry, and in labour relations. But in the run up to next spring's presidential elections, no one, least of all the French, expects objectivity to prevail.

Raymond Barre (left), Jacques Chirac (centre) and François Mitterrand

Switch proposed in country debt strategy

By Alexander Nicoll in London

A NEW VOICE has been raised to counter the disturbing trend towards what bankers refer to as *"unilateralism" in handling the developing* country debt crisis.

If it is heeded, it could help unify the somewhat tattered strategy of banks for dealing with developing country debt and to present their case more cogently for shifts in the balance of responsibility for the problem.

The voice is that of the Institute of International Finance, a Washington-based body with 170 banks as members, formed early in 1984 as a response to the *debt crisis, but* little heard from since.

In a report this week, it calls for *more co-ordination among* creditors, for increased financing to troubled debtors from multilateral institutions and industrialised governments, and for commercial bank financing to be diverted towards the support of trade and investment and away from long-term balance of payments funding.

The report says: "As private sector intermediaries, with primary responsibilities to depositors and shareholders, banks never envisaged playing the leading role in providing permanent balance of payments finance ... Commercial banks cannot continue to accept this responsibility."

The report elaborates on the so-called "menu" approach, now being encouraged by big banks and industrialised governments alike, under *which banks are asked to put up* money through a range of alternative financing options. It character*ises this as a switch from general* purpose to specific purpose lending.

Underlying this is the widely ac*cepted belief that strategy* must be revitalised because of general fatigue after five years of crisis management, and adjusted because, given the continuing economic troubles of many debtors, the problem can no longer be viewed as a short-term liquidity crunch.

Banks, however, have increasingly been going it alone in their approach to Third World debt. Initially, they had little option but to take part in financial rescue packages. But because they operate in many different economic, tax and accounting environments, their attitudes have diverged and many have been increasingly unwilling to put up new loans.

More recently, banks have made increased provisions for loan losses in what many view as a competitive strike *against other banks. There is* pressure for change within the advisory committees, many of them *led by Citibank, which have so far* co-ordinated and articulated the approach of banks to the debt problem.

Some bankers are even cynical about the menu, which they say is designed to cater essentially to the big banks with extensive Latin American networks which can take advantage of instruments such as debt/equity swaps.

The institute's report is thus an attempt to provide a focal point of opinion within the banking community. It could also shore up the reaction by banks to unilateral acts by other parties, such as the imposition by the US of Mexican loan terms last year, and the suspension *of interest payments by Brazil in* February.

Whether the institute will make *itself a central forum remains to be* seen. So far, its main role has been to collect economic information on debtor countries, forming a computer data base which bankers say is valuable. But it has played virtually no role in representing the banking community.

This year it acquired a new managing director, Mr Horst Schulmann, a former West-German government official, and commissioned the 11-member task force which *has compiled the report.*

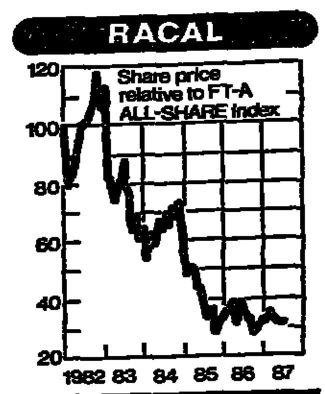
Few bankers would argue with its thrust. With four parties involved in the debt crisis – debtor governments, industrialised governments, multilateral institutions and banks – each naturally wants the others to play a larger role. The institute argues that the contribution by banks has been massive while that *of other creditors should* be increased.

Most radical is its call for greater involvement by the International Monetary Fund (IMF) which, it says, "is withdrawing money from the international financial system at a time when the commercial banks are being pressured to increase their exposure to highly indebted, *middle-income countries."*

The IMF, it says, should roll over existing loans – something that, as the last bastion of financial and economic discipline over member countries, it has never done. It should also increase net lending to countries meeting its conditions until they are close to re-entering the capital markets for voluntary lending.

THE LEX COLUMN

Glasnost at Racal



If you've got it, flaunt it. There is no need to look beyond the radically improved quality of Racal's prospective earnings to find sufficient explanation for the unusual (almost excessive) detail which accompanied its presentation yesterday.

Considering the depth of cynicism towards Racal's forecasts such detail is not merely welcome, it is *necessary. As long as the company* does not return to muttering about "possible radio orders from Iraq" when prospects are less rosy, a hefty boost to credibility ought to have been gained.

The true test of Racal's new openness should, however, be some years off. Not only does it have a dominant position in one of the few growth markets in electronics (cellular radio), but the acquisition and *development of Chubb* has also provided Racal with a solid counterweight to less reliable divisions.

Even if trading profits from the other five divisions were simply to stand still in the current year, the total should still glide past £150m; but, given the lower cost base of troubled areas like Radio Communications and the strength of the *Defence Radar order book a figure* of £150m should be achievable pre-tax.

Any analysts who still shiver at the memory of such hopes being regularly dashed in the past should also recall that the company is now over its cellular investment hump and should be cash-positive by the autumn. Racal, neatly situated in the higher margin service/distribution end of electronics, well deserves its current prospective multiple at a 25 per cent premium to the sector.

Hambros

Hambros' share price has in re*cent weeks escaped* from the residual constraints of last year's underwriting and share issues. And, despite some accurate forecasting of yesterday's good results, which left the price to dip 6p, at 304p the shares are now nearing the asset value of the group. That would be a touch over 320p a share taking Hambros' own valuation of the non-banking activities at £300m and adding a round £200m for the bank.

But this level may just set a new barrier on the shares. Hambros' strategy – to avoid the worst of Big Bang and to achieve a broad spread of activities inside and outside the bank – *is now beginning to pay off* in profits up from £43.4m to £60.8m, and in the group's improved image. But *it has done little for earnings* per share. A rise of a bare 5 per cent in 1986/87 may be beaten only by a narrow margin this year, as the weight of the new shares bears over the full year.

It may take until the following year is within view before the shares can push ahead much further, unless Hambro Countrywide and the other quoted investments perform so well as to drag Hambros up with them. That is somewhat reminiscent of the old relationship with Hambro Life, but with the estate agent only about a quarter of the whole, the effect should not be nearly so pronounced.

French equities

British fund managers have not had much fun recently. They had hoped that their superior knowledge of the home equity market *would permit them to make fools of* the Japanese, but were speedily disabused. Now they appear to have *made the same mistake*, of overinvesting in an overseas equity market, into which they hoped to lure the wily Easterners.

The bourse in question is Paris which over the past few weeks has shed about 15 per cent of its value and is now back to where it was at the start of the year. Many British funds are overweight in the French market, with Paris representing around a quarter of their European portfolios.

Last week's revelation of a FFr 5.6bn trade deficit in May was the chief reason for the last convulsive wave of selling, which is a bit odd given that the problems with the French economy are no great secret. But markets worldwide are over-inclined to base strategic investment decisions on a single set of figures. Yesterday, the first day of the June account, had been expected to show signs of a technical recovery – that is a recovery for which there are no good reasons – *but it barely materialized.*

Yet it would be grossly premature to see in the collapse a severe threat to the French Government's privatisation campaign. So long as the state continues to price its share sales at levels well below market estimates of true value, there should not be too much of a problem: *the foreign tranche of the* Société Générale issue has already been subscribed five times over.

Contibel

The bid by Tractebel and Groupe Bruxelles Lambert for Contibel is showing signs of turning into a Belgian farce. But when no fewer than seven firms are involved in keeping the press and public informed, there was always a good chance of one of them coming in through the wrong door. In this case GBL unwisely *allowed itself to be quoted as* saying it would not increase its offer of 278p a share.

Following a subsequent encounter with the Takeover Panel, the bidders say that what they really *meant* was that they would not increase the offer before the second closing date. Probably the bidders meant what they said in the first place, but the effect of their cautious retraction has been to drive the price up to a level at which they are no longer able to buy in the market.

Sound diffusion

Sound Diffusion's statements about its delayed results have generated little noise and even less light. The odd diffusion process whereby the blame is put on a computer anomaly on June 5 and unresolved differences with the auditors by June 23 requires more explanation than an evening Stock Exchange announcement and a recorded message at headquarters. Shareholders in public companies deserve better.

Olivetti to double output at Ivrea

By Terry Dodsworth in London

OLIVETTI, the fast-expanding Italian office equipment company, is laying plans to double its personal computer manufacturing capacity at its Ivrea plant in northern Italy.

The expansion programme coincides with the launch of a new range of more powerful personal computers in which the group has sunk about $150m on fresh production equipment. If completed, the development would push up the plant's potential output from a little over 500,000 at present to about 1m units by the end of next year.

Olivetti's move to revamp its Ivrea activities comes at a crucial period *of change for its personal com*puter business, which has jumped to number two in the European sales league since it launched its first machines in 1983.

This year, the division has run into problems in the US market, where its products are sold by American Telephone and Telegraph, the telecommunications group which owns a 23.5 per cent stake in Olivetti. Shipments to the US group are being cut sharply to *just 40,000* in 1987 from around 200,000 last year while AT&T works through its accumulated inventories.

Mr Carlo De Benedetti, Olivetti's chairman, said at the group's annual meeting yesterday that *this* build-up of stocks at AT&T was one of the "negative factors" which will cause a reduction of profits in 1987. Announcing record group net earnings of L565.5bn (about $427m) for 1986, he added that the results in the current 12 months would also be adversely affected by the transformation of the personal computer line.

Lucas seeking a European partner to develop engines

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT, IN BIRMINGHAM

LUCAS ELECTRICAL, the loss-making British motor components subsidiary of Lucas Industries, is seeking a European partner to expand its engine management systems division, currently employing 1,000 workers in Birmingham.

The company, which argues it is among the world leaders in the technology necessary to gain optimum engine performance through control of fuel and ignition systems, is looking for a collaborative venture to take advantage of a fast growth sector.

Preliminary talks have already *been held with Siemens, the West* German electrical and electronics group. The aim would be to compete *with Robert Bosch, of West Germany*, which dominates the European market.

The profitable engine management systems division is likely to form the core of Lucas Electrical operations which, within the next 12 months are likely to be slimmed to little more than 2,300 workers compared with 7,300 now and 17,000 in 1979.

Lucas is cutting out the loss-makers through a programme of retrenchment and divestment. The proposed sale of the lighting division, employing 1,700 workers, to an Italian associate company, Fausto *Corrello, was announced last week.*

Magneti Marelli, the Fiat subsidiary which acts as a holding compa*ny for the Italian car assembler's* components operations, is the front-runner to acquire Lucas' starters and alternators factory, employing 1,700 workers in Birmingham.

Lucas is likely to want to retain a majority shareholding in any joint venture involving the engine management systems. The company believes a new petrol injector, already in production by Lucas CAV, in the US, will give it advantages in the European market.

Lucas remains optimistic about prospects in spite of losing out to Motorola, in the UK, in the contract for the electronic control unit on the proposed new Austin Rover medium-range car, codenamed the AR 8.

Analysis, Page 12

UK minister to decide fate of controversial London building

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT, IN LONDON

A CONTROVERSIAL plan for a new building opposite Mansion House in the heart of the City of London goes to Mr Nicholas Ridley, the UK Environment Secretary, for decision.

This follows the decision yester*day by the City's planning commit*tee narrowly to reject a planning application from Mr Peter Palumbo, the property developer, for a new building and Mr Palumbo's subsequent announcement that he would appeal.

The appeal will lead to the Department of Environment setting up a public inquiry, the second in three years to examine Mr Palumbo's proposals. The inspector handling the inquiry will make a rec*ommendation to Mr Ridley on ac*ceptance or rejection of his latest proposal.

This involves a triangular building constructed in stone and granite to provide 135,000 square feet of office space and 50,000 square feet of retail space. The building has been *designed by Mr James Stirling, one* of the most famous of British contemporary architects.

But *construction*, in the most sensitive environmental conservation area of the City, would involve the demolition of eight listed 19th century buildings and it was this necessity that weighed heavily on the decision of the planning committee.

After a session lasting 2¾ hours, the committee voted against the Palumbo proposal by 17 votes to 13. The result overturned the recommendation of the City's professional planners that the proposal should be accepted.

Debate, where expression was calm but words were passionate, swung around the question of the adequacy of the Stirling design as a replacement for the listed buildings. Of 19 speakers, five were in favour, one was bewildered and the rest were against the Palumbo proposal.

Dr Keith Gugan, for example, argued that "the existing buildings are not unique" and that the City should not turn away another original design. But Mr Rodney Fitzgerald contended that the new building would be a "monolithic structure," which would be "excessive in a conservation area."

World Weather

		°C	°F
Ajaccio	S	23	73
Algiers	C	22	72
Amsterdam	R	15	59
Athens	S	27	81
Bahrain	S	35	95
Bangkok	S	35	95
Barcelona	S	23	73
Beirut	S	28	84
Belfast	C	15	59
Belgrade	C	17	63
Berlin	R	17	63
Biarritz	C	18	64
Bombay	F	31	88
Bordeaux	C	18	64
Brussels	F	17	63
Budapest	F	21	70
B. Aires	S	13	55
Cairo	S	35	95
Cape Town	S	22	72
Caracas	H	26	79
Casablanca	C	24	75
Chicago	C	25	77
Cologne	F	18	64
Copenhagen	R	13	55
Corfu	S	25	77
Dallas	-	—	—
Dublin	C	16	61

		°C	°F
Dubrovnik	S	23	73
Edinburgh	R	14	57
Faro	S	26	79
Florence	S	28	82
Frankfurt	F	20	68
Funchal	C	24	75
Geneva	F	20	68
Gibraltar	S	22	72
Glasgow	R	13	55
Guernsey	C	14	57
Helsinki	F	22	72
H. Kong	F	30	86
Innsbruck	C	20	68
Inverness	C	14	57
Islamabad	S	39	102
Istanbul	F	22	72
Jakarta	R	34	93
Jersey	C	15	59
Jo'burg	S	14	57
Lima	C	19	66
Lisbon	S	29	84
London	D	16	61
Los Angeles	S	21	70
Luxembourg	R	14	57
Madrid	S	28	82
Majorca	S	27	81
Malaga	S	25	77

		°C	°F
Malta	S	25	77
Manchester	C	14	57
Manila	S	33	91
Melbourne	F	13	55
Mexico City	S	25	77
Miami	S	33	91
Milan	S	25	77
Montreal	C	25	77
Moscow	S	22	72
Munich	C	18	64
Nairobi	F	22	72
Naples	F	26	79
Nassau	S	31	88
New Delhi	S	37	99
New York	C	26	78
Nice	S	22	72
Nicosia	S	33	91
Oporto	S	31	88
Oslo	C	16	61
Paris	F	21	70
Peking	-	—	—
Prague	C	27	81
Reykjavik	C	11	52

		°C	°F
Rhodes	S	26	79
Rio de J'o	S	27	81
Rome	S	23	73
Salzburg	C	19	66
San Francisco	S	21	70
Seoul	S	28	82
Singapore	F	30	86
Stockholm	R	17	63
Strasbourg	C	19	66
Sydney	S	19	66
Taipei	S	33	91
Tangier	S	27	81
Tel Aviv	S	31	88
Tenerife	S	24	75
Tokyo	S	25	77
Toronto	[illegible]	19	66
Tunis	S	27	81
Valencia	S	26	79
Venice	S	23	73
Vienna	F	21	70
Warsaw	F	17	63
Washington	F	31	88
Zurich	F	21	70

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Wall Street falls foul of hoax bid for Dayton

BY JAMES BUCHAN IN NEW YORK

DAYTON HUDSON, the large mid-western department store chain, fell prey yesterday to an extraordinary hoax that drove its stock price up almost 10 per cent at one stage – only to collapse again.

Mr David Herrlinger, a former Cincinnati fund manager, was yesterday said by his family lawyer to be in hospital after apparently launching a $6.8bn takeover offer for America's sixth-largest retailer.

"The man is ill," said Mr Anthony Covatta, who is attorney to the Herrlingers. "There is definitely no offer," he said.

Dayton Hudson stock closed down $⅛ at $53⅛ after a roller-coaster which saw nearly 5 per cent of the company's equity change hands. Wall Street arbitrageurs or professional takeover speculators, who helped drive the stock to $63 at one stage, were yesterday nursing substantial losses to their trading books – and their self-esteem.

According to the Dow Jones News Service, Mr Herrlinger telephoned a reporter yesterday morning saying he represented Stone, a private firm which he said handled investments for the Stone family, a prominent Cincinnati family related to the Herrlingers.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday June 24 1987

Olivetti predicts setback for current year

BY ALAN FRIEDMAN IN IVREA

OLIVETTI, the Italian office automation group which is the biggest European-owned company in the sector, will suffer a decline in its 1987 group net profit, according to Mr Carlo De Benedetti, chairman.

This would mark the first slip in Olivetti profits since 1978, when Mr De Benedetti took over.

Last year Olivetti reported a record L585.5bn ($424.5m) group net profit (up 12.3 per cent) on L7,317bn of group turnover (up 19.2 per cent).

Group sales in the first five months of 1987, meanwhile, fell by 2.4 per cent on the same period in 1986 to L2,486bn.

This group turnover figure includes a first-time contribution of L289bn from Triumph-Adler, the West German office equipment maker which was acquired last year from Volkswagen. The Triumph-Adler turnover for the January-May period was 25.7 per cent lower than in 1986. With T-A stripped out, Olivetti turnover rose by 1.8 per cent to L2,198bn.

Mr De Benedetti, speaking at yesterday's annual meeting in Ivrea, outlined three "negative factors" which will affect Olivetti during the current year.

These are a sharp fall in sales to American Telephone and Telegraph (AT&T) of Olivetti personal computers, losses and restructuring costs at Olivetti's Triumph-Adler subsidiary in West Germany and the transformation of the Olivetti product line in the personal computer market.

Mr De Benedetti forecast that this year Olivetti would sell "less than 40,000" personal computers to AT&T, against sales of 215,000 personal computers last year. Last year sales to AT&T accounted for nearly half the 500.000 personal computers Olivetti sold worldwide.

Mr Robert Allen, president of AT&T and a member of Olivetti's board, confirmed the drop in orders. He said: "We are selling out of inventories at present."

During the shareholders' meeting Mr De Benedetti said AT&T was in the middle of a reorganisation and 1987 would be "a very negative year for our exports of personal computers to the United States." However, revenues lost had been offset by sales through "other channels."

Mr De Benedetti said Olivetti would cover between L50bn and L100bn of 1987 losses from Triumph-Adler. Volkswagen will take the rest of T-A's losses on its books.

The West German office equipment concern would return to break-even by the end of this year, Mr De Benedetti predicted, saying that restructuring costs this year would total between L100bn and L150bn. "The problems at Triumph-Adler are serious and require drastic interventions," he said.

At a press conference yesterday, Mr De Benedetti also made the following points:

- The new De Benedetti group's Spanish holding company will be called Cofir and is to be launched in Madrid on July 20.
- Mr Bruno Visentini, former Finance Minister, is to become honorary Olivetti chairman.
- Olivetti has no plans to withdraw from South Africa.

A battle for the high ground in corporate PCs

BY TERRY DODSWORTH IN LONDON

JUST FOUR years ago the small Piedmontese town of Ivrea in the foothills of the Alps was facing a new and unnerving challenge. The home of Olivetti, the Italian typewriter group, Ivrea had been chosen as the manufacturing centre to support the company's move into the unfamiliar business of personal computers.

After several years of hard times in the late 1970s, when it looked as though the company would not survive, Ivrea was now moving into a sector characterised by the extreme volatility of its markets and the need for marketing flexibility and imagination.

In that first year of exposure to the personal computer market, however, Olivetti managed to establish a sizable foothold, selling 83,000 units. By 1985, the company's worldwide sales had soared to almost 360,000 machines, and by last year the figure had jumped again to 506,000.

In the process, the Italian group had leapt to the number two position in the European personal computer sales league, led by the ubiquitous IBM, and registering shipments of about 210,000.

It is not unusual in either the US or Europe for personal computer companies to expand from zero to a sizable enterprise in a very short period of time. What has become patently obvious in the last few years, however, is that many of these rising stars turn into burned-out meteors with equal rapidity, particnlarly when they move into the territory of IBM, the biggest computer manufacturer in the world.

This fact must be very much in Olivetti's mind today as it contemplates a fresh initiative in the development of its personal computer business – a range of machines to respond to the launch of the IBM Personal System/2, the new personal computer launched by the US group two months ago in an effort to re-establish its grip on the corporate desktop market.

Olivetti's new offerings, which will become available progressively over the next few months, are aimed at maintaining its competitive position against IBM with machines which will give the user equal power.

At the same time, the range is intended to be compatible with IBM products, so that customers can regard them as alternative products that could nevertheless be linked in with IBM machines or use IBM-inspired software.

This issue of compatibility of the different computer and computer-related products used by corporate clients is becoming increasingly important as companies move rapidly towards more integrated data processing systems.

On the question of processing power, Olivetti, like other competitors to IBM, has been able to take the attack to the US group by using the same microprocessor – the powerful 32-bit Intel 80/386 – for its top-level machine.

Whether its machines will have full compatibility with the IBM operating system is more open to question although Olivetti says that in line with its "strategy to adhere to emerging standards," they will be compatible with Personal System/2.

We anticipate that it will be well into 1988 before we know whether the Olivetti product will be as good as IBM, says Mr Gordon Curren from Intelligent Electronics, the market research group.

What is at stake for Olivetti in launching the new line is its ability to maintain its challenge in the corporate personal computer market. This represents roughly half of the total PC market, yields sounder margins than in the cut-throat home computer business and is enjoying a period of rapid growth as companies push computing power down the organisation and on to the desktops of departmental employees.

In financial terms, the division accounts for about 25 per cent of the group's total sales of L7,317bn ($551m) and returns a profit of between 7 and 8 per cent on sales – a figure that is in line with those of IBM's more successful competitors in the US.

To produce the new machines, Olivetti has sunk about $150m into equipment and systems at the Ivrea plant, plus an unspecified amount of its annual research and development budget, which runs at about $70m a year.

Because of the change over in production this year, it expects that total shipments will not show a significant difference on 1986, but it is planning for very significant growth after that.

Two key factors will weigh heavily in its ability to achieve these targets. The first is an upturn in its US sales through American Telephone and Telegraph, the American telecommunications group which has a large stake in Olivetti and markets the personal computers across the Atlantic.

Sales through AT&T passed through a rough patch last year, leading to a build up in inventories and forcing Olivetti to out back deliveries this year to around 60,000 units from 200,000 in 1986. Next year, the Italian company is hoping to move back up to shipments of about 150,000 to AT&T.

Second will be the launch of another new machine later this year – a minicomputer designed by Olivetti to reinforce its position in departmental data processing.

The company believes that it has to adopt a strategy of using its personal computers and its strong position in office equipment as a base for moving towards more complex and sophisticated office systems.

This is what its customers want, it believes, as they demand steadily more integrated systems in their offices. In this sense, the personal computers are just one link in a long chain of equipment which Olivetti is trying to provide to its customers.

Rheinmetall lifts group profits to DM 71.9m

By David Marsh in Bonn

RHEINMETALL, the West German engineering and weapons group, increased net group profits last year to DM 71.9m ($40m) from DM 59.2m in 1985 and is proposing an increased dividend payout of DM 8 per ordinary share, up from DM 7.50 in 1985.

The proposed dividend on preference shares is DM 9, up from DM 8.50.

Mr Hans Brauner, chairman, declared himself satisfied with the gradual transformation of Rheinmetall into a broadly based technology group. He said the company was seeking to make an acquisition of an internationally operating concern with turnover of around DM 100m in order to strengthen its business.

The group, consisting of three operational companies owned by the central Rheinmetall holding company, increased incoming orders last year to DM 3.19bn from DM 2.07bn in 1985, with turnover growing to DM 2.98bn from DM 2.11bn.

A large part of the increase is accounted for by the inclusion in last year's accounts of Rheinmetall's Pierburg vehicle components subsidiary, with turnover of DM 731m in 1986. This was previously not included in the consolidated accounts.

Rheinmetall's other two arms are the Jagenberg machinery unit, specialising in equipment for the paper industry and in packaging systems, and Rheinmetall GmbH, in weapons and electronics. Their turnover figures were DM 1.1bn (up 1.5 per cent) and DM 1.14bn (up 9 per cent), respectively.

Group turnover in the first five months of 1987 rose 4 per cent to DM 1.09bn, with profits for 1987 expected at around last year's level.

Jagenberg is increasing its nominal capital to DM 75m from DM 60m through a rights issue of 300,000 non-voting preference shares at DM 225 per DM 50 share.

HBJ takeover battle upset by court ruling

BY ANATOLE KALETSKY IN NEW YORK

IN A DECISION which looks like satisfying neither side in the takeover battle for Harcourt Brace Jovanovich, a Florida court has ruled that debenture holders in the US publishing house are entitled to convert their bonds into 132 common shares in Harcourt.

This is a much larger number than the 29.4 shares to which debenture holders were entitled prior to the company's defensive recapitalisation, announced last month after a hostile takeover bid from Mr Robert Maxwell.

However, it falls far short of the 1,000 shares demanded by the bondholders' trustee, Sun Bank. An appeal by Sun Bank was widely expected after the ruling was made known on Wall Street yesterday.

A decision in favour of Sun Bank would have given debenture holders a dominant block of the company's equity and might well have scuppered Harcourt's whole recapitalization plan, handing the tactical initiative back to Mr Maxwell.

It would also have generated large profits for arbitrageurs who have recently acquired large blocks of Harcourt debentures. In addition to Salomon Brothers, which owns 21,978 of the $1,000 debentures, Mutual Shares, a New York mutual fund, has disclosed that it bought 11,200 debentures between May 29 and June 1.

Even if an appeal is unsuccessful, the Florida decision looks like a mixed blessing for Harcourt. The company had been hoping to persuade the court that debenture holders should convert their bonds on the terms ruling prior to the recapitalization,

But the court ruling as it stands would imply that Salomon's stake could be converted into around 4 per cent of Harcourt's equity and Mutual Shares' stake into around 2 per cent.

Chicago bank adds $500m to loan reserve

BY OUR NEW YORK STAFF

CONTINENTAL ILLINOIS Corporation, the big Chicago banking group which was bailed out by the US Government after reporting heavy losses in energy lending, has fallen in line with other major US banks and substantially boosted its loan-loss reserves.

It has added $500m to its reserve for loan losses in the second quarter to cover loans to certain less-developed countries (LDCs).

The addition increases the reserve to $970m, or 5 per cent of total loans, and establishes a reserve of 29 per cent of cross-border outstandings and commitments to 17 countries after considering previous charge-offs. The remaining reserve for all other loans amounts to 1.7 per cent of such outstandings.

The company expects to report a loss of about $300m for the full year. The addition to the reserve will not be deductible for federal income tax purposes until charge-offs are taken and will have no effect on Continental's current federal income tax position.

Wella to double 1986 investments

By Andrew Fisher in Frankfurt

TOTAL INVESTMENTS of Wella, the West German hair care and cosmetics company, will exceed DM 300m ($164m) this year, more than double the 1986 total, the company said yesterday.

Much of the increase is accounted for by the purchase of the French cosmetics company, Parfums Rochas, from Roussel-Uclaf a few weeks ago. Wella has also increased its interests in Venezuela, Uruguay, Chile and Turkey.

Last year, Wella's capital spending totalled DM 81m and its financial investments DM 49m, making a total of DM 130m. The company came to the stock market in 1983.

Wella said that its stagnation in group turnover at DM 1.8bn did not reflect the progress of its foreign business, because of the distortions caused by the weaker dollar and sterling. Net profits dropped from DM 75.5m to DM 65.4m.

The company is again paying a dividend of DM 9 on the quoted preference shares.

Mather & Platt sells holding in India

BY GORDON CRAMB IN LONDON

A REORGANISATION at Mather & Platt, the Manchester, north-west England, engineering company owned by Wormald International of Australia, has been completed with the £14m ($22.3m) disposal of its majority holding in Mather & Platt (India), which makes pumps and fire extinguishers.

The purchaser of the 60 per cent stake is the Chhabria Group headed by Mr M.R. Chhabria, a Bombay-born trader and financier who two years ago became chairman of Dunlop India.

The acquisition was made through a Hong Kong Chhabria offshoot called Kinski, which will also take over the former holding company for the Mather & Platt group. This follows a reshape of the UK operations into two main divisions directly under Wormald.

M&P (India) already has a listing on local stock exchanges. It employs roughly 2,000 and provided A$1.88m (US$1.34m) of Wormald's A$36.67m net profits in the group's latest year to June 1986.

This contribution was down more than a quarter on the previous year, however, and Wormald has been seeking to shed or reshape poorly performing businesses.

Mather & Platt in Britain began a recovery last year from a string of losses. After a restructure which began last November its own fire and security products side has been renamed Wormald Ansul UK while its pump business trades under Mather & Platt Machinery.

Wormald was one of the earlier Australian arrivals in the UK market – it took over Mather & Platt in 1976. Since then the Sydney group has itself undergone a change in control.

Mr Lee Ming Tee, a Malaysian Chinese investor now resident in Australia, last year became deputy chairman after buying a more than one-third stake.

Tapie acquires Gres perfume, accessories

By Paul Betts in Paris

MR BERNARD TAPIE, the flamboyant French industrialist, is understood to have acquired for an undisclosed amount the Gres perfume and fashion accessories business from a French subsidiary of Beecham.

Mr Tapie already owns the Gres fashion house, acquired in 1984 at a time when the famous haute couture group was facing financial difficulties. Gres had also sold its perfume and accessories business to raise funds to support the costly fashion business.

The Tapie group has now bought these operations from Compagnie Française de Fabrication et Distribution, a subsidiary of Beecham of the UK. Tapie officials said the annual sales of the Gres perfume business totalled about FFr 100m ($16m) while the annual sales of the accessories business amounted to about FFr 15m.

The deal is the latest in a series of mergers and acquisitions which have recently taken place in the French perfume industry.

FRANCE'S LARGEST AUCTION ENTERS ITS FINAL STAGE

Duffour et Igon goes under the hammer

BY GEORGE GRAHAM IN PARIS

TODAY sees the end of France's longest and most expensive auction – not the Duchess of Windsor's jewels, nor Brigitte Bardot's wedding dress, but the sale of a small producer of industrial gases in Toulouse, in the south-west of France.

Duffour et Igon, which produces gases such as nitrogen and hydrogen for uses ranging from welding to medical resuscitation, will change hands for FFr 587m ($96m), more than five times its stock market value six months ago.

It is a high price to pay, but in the closed world of industrial gases there is little alternative to buying an existing manufacturer if you want to expand in the European market – especially in France, where the world's leading producer, Air Liquide, dominates more than 70 per cent of its home market.

The formal takeover offer does not close until today, but Aga, the Swedish gases group which ended up with the highest bid, has already won support from Duffour's board and commitments of more than 50 per cent of the shares.

Six months ago, it would have been hard to imagine a less likely target for this takeover, which values the company at 45 times its 1986 profits and twice its turnover.

To start with, the company's results were in full decline. Consolidated profits dipped by 20 per cent last year to FFr 13m.

Mr Jean Igon, who heads the company founded by his grandfather in 1901, explains that 1986 results suffered from exceptional restructuring costs and from a market battle against its competitor Airgaz, which depressed prices and margins for its products. This year Mr Igon expects profits to improve by around 25 per cent.

In the second place, Duffour's capital seemed to be firmly locked up, with 25 per cent of the shares owned by two industrial groups, 20 per cent by a French regional development organisation and a further 25 per cent by the Duffour and Igon families.

"I know 75 per cent of the shareholders personally. We thought no-one would be mad enough to launch a hostile bid," said Mr Igon.

For the past six months, however, Duffour has been the target of no less than four bidders. The auction started with the American group Union Carbide, which caused the suspension of Duffour's shares in January at FFr 865 when it announced its intention to bid.

When Union Carbide finally received permission to go ahead from the French authorities, who must vet takeovers by foreign companies, it surprised the markets by pitching its opening offer at FFr 2,100.

"We had expected Union Carbide to bid around FFr 1,500," commented a banker at Banque Indosuez, which advised Aga on its bid.

The stakes were quickly raised by Carburos Metallicos, the Spanish gases group which already owned 15 per cent of Duffour, and then by Linde, the West German gases company. Aga did not enter the lists until three weeks later, but when it made its move, it raised the price by 35 per cent from Linde's bid to FFr 3,500.

A month later Aga's offer had risen to FFr 4,410, with an alternative in bonds to take account of the worries of the many private shareholders who faced a heavy tax bill on their enormous capital gains.

"Once the bids moved past FFr 2,500, it was clear that the stable majority of shareholders would break up. They could not let pass such a high offer," said Mr Igon.

He is clearly disappointed that the takeover had to take place and emphasises that Duffour had no need of a rescuer or of help to finance its investment plans. In the medium term, he concedes, his company would have had to turn to one of the larger producers for technology.

All the same, Mr Igon loyally insists that an Aga victory is the best possible outcome for his company.

The two groups complement each other geographically almost without overlap, with Aga France's network covering most of the north of the country and Duffour's the whole of the south. In fact, the two companies have already co-operated in the past on the distribution of some gases. As far as technology goes, Aga's is as good as anyone else's.

For Aga, the purchase will allow it to extend its coverage to the whole of France, with a joint market share of around 12 per cent. The Swedish group has over the past 10 years reoriented itself to concentrate on the gases sector. It expanded last year with the purchase of Rommenholler, the major European carbon dioxide producer, and also moved into the US market.

Despite the high price Aga is paying for Duffour, Mr Lars Salomon, vice president responsible for Europe, says the takeover will not dilute the group's earnings per share this year.

Although there are no plans to merge Aga France's and Duffour's operations, Mr Salomon sees opportunities for development, especially in the medical gases area where Duffour is strong.

But the combined group is not likely to make much of a dent in Air Liquide's overall domination of the French market.

RBC drops talks on Wood Gundy

By Bernard Simon in Toronto

ROYAL BANK of Canada (RBC) has broken off talks to acquire a substantial equity interest in Wood Gundy, the Toronto-based securities dealer.

Canada's largest bank said in a brief statement that "an agreement between the two parties is not achievable at this time with regard to a number of issues." An RBC official declined to elaborate.

Bankers reported earlier that the talks between RBC and Gundy were stalled on the future of the two groups' London and New York-based operations. Gundy's highly regarded Euromarket business is in competition with Orion Royal Bank, an RBC subsidiary.

In the US, the Glass-Steagall Act, which bars a bank from conducting both commercial and investment banking operations, would have forced either RBC or Wood Gundy to curtail its activities.

The talks with Wood Gundy were aimed at giving RBC a foothold in the domestic securities industry, ahead of changes in ownership rules on June 30 which will, for the first time, give banks access to the securities business.

Mr Allan Taylor, RBC's chairman, said the bank was intensifying its attention to other options. These included alliances with other institutions and the purchase of one or more seats on the Toronto stock exchange.

Other Canadian banks have also baulked at buying an existing securities dealer. Bank of Nova Scotia, Canadian Imperial Bank of Commerce and Toronto-Dominion Bank have all set up their own securities subsidiaries from scratch to take advantage of the new rules.

Potential buyers have been discouraged by the high prices presently demanded by securities dealers and by fears of a clash of cultures between highly paid, risk-oriented stockbrokers and more conservative bankers.

Alcatel planning to take full control of Electrica

BY DAVID WHITE IN MADRID

ALCATEL, the French-controlled joint telecommunications venture formed by Compagnie Générale d'Electricité (CGE) and ITT, intends to take full control of the main Spanish supplier Standard Electrica "at the appropriate time," according to Mr Pierre Suard, chairman of CGE and Alcatel.

This would mean taking over the stake of just over 20 per cent which Telefonica, Spain's semi-state telephone company, has in the former ITT subsidiary.

During its unsuccessful negotiations last year to become a partner in the CGE-ITT venture, Telefonica had already made clear that it wanted to withdraw its direct interest in Standard.

Telefonica recently pulled out its stake in the country's second supplier of digital switching equipment, Intelsa, a subsidiary of Sweden's Ericsson.

Mr Suard expressed his regret that Telefonica's plan to take a 10 per cent stake in Alcatel had fallen through but said there was no immediate prospect of other partners now joining the venture.

He said Standard was expected to continue making losses this year. Last year it fell sharply back into the red with a Pta 5.95bn ($47m) loss after notching up a small Pta 138m profit in 1985. Sales were 1 per cent down at Pta 58.49bn, with a 16 per cent drop in exports to Pta 8.08bn.

Next year, however, he hoped it would come close to break-even, leaving aside the costs incurred through the restructuring and sale of its subsidiary Marconi Española. It should "in any case" break even in 1989, counting these costs, he said.

Marconi's non-defence side is due to be split off, with APT, the joint venture between AT & T of the US and Philips, of the Netherlands, taking a major shareholding. Mr Suard said Alcatel had sought guarantees that the new owners of Marconi would not become competitors in public switching equipment.

L.F. Rothschild suffers heavy trading loss

By Our New York Staff

L. F. ROTHSCHILD Holdings, the New York investment bank which has had a chequered history since it was floated on the stock market last year, has surprised Wall Street with news of further heavy trading losses.

The group, which just about broke even last year after reporting heavy losses in arbitrage and municipal bond trading in the final quarter, warned that it had lost money in its second quarter because of "adverse conditions" in the securities markets in April.

The second quarter loss is expected to be less than $10m and compares with a $11.5m net profit (before extraordinary credits) in the first quarter of 1987.

Mr François Mayer, one of the company's two chief executives, said on Monday that the losses were not due to any one factor, such as a poorly executed hedging transaction, but reflected generally adverse trading conditions.

He noted that several other Wall Street firms had lost money in April when there was a sharp fall in the bond market.

The firm has been profitable since the end of April, and it expected the loss to have a minimal impact on its equity capital of over $200m.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Banks and firms rush to join new Swiss exchange

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

SWISS financial institutions have applied in strength to join the Swiss Options and Financial Futures Exchange, known as Soffex, which is due to begin business next year.

The exchange said yesterday that 65 banks and broking firms had applied for membership, of which virtually all plan to operate as brokers and 19 as market makers.

Trading on the innovative, fully automated exchange will begin on March 1, 1988, and will initially be in options on up to 15 top Swiss stocks. Switzerland will thus become the latest in a series of European countries to open markets in risk management instruments.

Mr Otto Nageli, Soffex' chief executive, said in London that most would-be members were Swiss but that there were also US, British and other European applicants. No Japanese firms had applied.

The exchange is being set up by the Basle, Geneva and Zurich stock exchanges and five Swiss banks. Arthur Andersen, the accounting and consultancy firm which has a large task force devoted to establishing the market, will have the system installed by end-1987 to allow a period of simulation and training.

Mr Nageli, who combines his recent Soffex appointment with continuing employment at Bank of Tokyo, said that the main emphasis of the coming months would be on educating potential members and users. "I know that the Swiss market has been and still is a very conservative one, but it's shown flexibility as well. I'm counting on that flexibility," he said.

Swedish options for foreigners

BY SARA WEBB IN STOCKHOLM

THE RIKSBANK, the Swedish central bank, yesterday decided to open the Swedish options markets to foreigners, allowing them to write and acquire stock and index options with effect from August 3.

The Riksbank said that it was important to allow foreign investors to hedge their investments in Swedish shares using the appropriate options, and that in view of this need, it had decided to allow foreigners to use Sweden's two markets, Sofe (Swedish options and futures exchange) and OM (options market).

The rapid growth of the Swedish options markets over the past two years has attracted considerable interest from overseas investors, particularly US and UK banks, pension funds and other institutions. The two markets trade about 40,000 contracts a day on average.

The Riksbank showed it was willing to allow non-residents to trade options last February when it eventually granted permission to a Dutch citizen and said it would be willing to consider applications from foreigners on an individual basis.

Instead, the Riksbank has decided to cut down on the administrative procedures and simply change the regulations.

Foreigners will have to trade through Swedish brokers or banks

£250m paper programme for Trusthouse

By Our Euromarkets Editor

TRUSTHOUSE FORTE, the UK hotel and catering group, has established a £250m sterling commercial paper programme, one of the largest arranged.

Morgan Guaranty is the arranger for the programme, which has an option to issue dollar-denominated paper. Other dealers will be Samuel Montagu, Swiss Bank Corporation International and S. G. Warburg.

Separately, Super Valu Stores, a Minnesota wholesaler, has appointed Citicorp Investment Bank to arrange a $100m Eurocommercial paper programme.

Peugeot arranges FFr 2bn multi-option credit facility

BY PAUL BETTS IN PARIS

PEUGEOT, the private French car group, has negotiated a five-year FFr 2bn multi-option credit facility with a group of 34 French and international banks.

This is the first multi-option credit facility negotiated by the group, which has already negotiated similar facilities in other currency sectors.

The new French franc credit facility is part of Peugeot's continuing efforts to negotiate new and more flexible financing vehicles with the banking system to reduce its overall financing costs.

Peugeot will be able to use the new facility either for its Automobiles Peugeot or Citroen divisions or both. Alternatively, it will be able to retain it at [illegible]. The new facility also enables the banks to form a tender panel.

The facility, designed essentially to help reduce and make more flexible the car group's short-term financing needs, follows a recent successful FFr 2.8bn capital increase.

Peugeot also recently reported a strong advance in consolidated net earnings to FFr 3.6bn last year, compared with earnings of FFr 543m the year before.

TF1 chief warns of competition after float

By George Graham in Paris

MR FRANCIS BOUYGUES, chairman of TF1, the leading French television chain, launched the company's stock market flotation yesterday on a sombre note.

All three private French television stations, he warned, would lose money unless the Government stopped the two chains which remain in state hands from competing for advertising.

"If the Government does not change its attitude and regularise the audiovisual framework in France, as is its duty, the three private companies will lose a lot of money. The arithmetic is simple and fatal, and as always there is no uncertainty about arithmetic," Mr Bouygues said.

"If the Government lets things carry on as they are, we will end up with the same bad habits as in the past and there will be no alternative to nationalising all over again."

Mr Patrick le Lay, managing director of TF1, added that he expected France's fifth television channel, La 5, which also changed hands earlier this year, to lose FFr 2bn ($335m) over the next three years.

Mr Bouygues, who heads France's largest construction group, took control of TF1 in

Mr Francis Bouygues: "profits are urgent"

April at the head of a group of investors including Mr Robert Maxwell, the British media magnate, and Mr Bernard Tapie, the French rescuer of bankrupt companies.

The group paid FFr 3bn for this 50 per cent stake, more than the value now estimated by Cholet Dupont, stockbroker to the issue, for the whole of TF1.

The Government will fix a price on Friday for the public offering of 40 per cent of the capital of TF1 which will take place over a two-week period starting on Monday. A further 10 per cent is reserved for the company's employees.

Bankers involved in the flotation say that TF1's past accounts are now meaningless, since the chain will in future receive no licence fee payments from the Government. They admit that earnings over the next year or two are very difficult to forecast.

They believe, nevertheless, that the flotation offers an attractive bet on significant profits over the medium term, and that many institutions will decide to buy the shares in order to invest in a sector which is otherwise not represented on the Paris stock exchange.

Mr Bouygues said that as soon as the distribution of advertising revenues was reorganised, the private television stations could expect to make fair and sizeable profits, allowing TF1 to invest in its own equipment and to distribute dividends to its shareholders.

"Profits are urgent, because the millions of viewers who will soon be associated with us cannot wait to see what is for them the just reward of capitalism, their dividends. It is not a detail, it is essential," he said.

Mr Bouygues also warned that the excessive competition between the rival television stations to hire stars and sign up programmes and sporting events would also damage profits.

He accused Mr Silvio Berlusconi, the Italian entertainment magnate who has taken over La 5 together with Mr Robert Hersant, the right-wing newspaper owner, following a "dumping policy" in bidding for sporting events.

Mr le Lay said that bids to televise next year's French Open tennis championships had already reached ten times the price TF1 paid for this month's event.

Bond launches two convertibles

BY CLARE PEARSON

BOND CORPORATION Holdings, Mr Alan Bond's Perth-based master company, yesterday joined the stream of other antipodean borrowers that have recently issued convertible Eurobonds, with a simultaneous offering in the Eurodollar and Eurosterling markets.

The Eurodollar issue amount will be between $200m-$225m, and the sterling amount £80m-£100m, depending on which tranche meets the greater demand prior to the final pricing on or before June 25.

Both 10-year, par-priced tranches have indicated coupons of 5¾ to 6 per cent and both have conversion premiums indicated in the range 15 to 20 per cent, while they also offer investors' put options after five years.

Lead manager Salomon Brothers International said the issues, which were launched through Bond Finance International, were trading at around 99¾ bid, and elsewhere they were quoted at levels close to par. A number of leading houses turned down participation in the deal, however, because of concern about the issuers' credit quality.

Dealers expected investors to take a cautious approach to the issue, although they said the terms looked relatively attractive compared with other recent Euro-convertibles, which have emerged with conversion premiums well over 20 per cent.

In order to offset partially the dilution of Mr Bond's 52 per cent stake in the company that the issues involve, up to A$250m worth of similarly structured convertibles are expected to be placed with him or his family holding company.

Meanwhile Kidder, Peabody International announced a $75m convertible for Chase Corporation, the fast-expanding New Zealand investment group. The 10-year puttable issue, with an indicated 5½ per cent coupon and 16-20 per cent conversion premium, was quoted at 98½ bid, compared with 2½ per cent fees.

The Eurodollar fixed rate bond market opened on a firm note, encouraged by the strong dollar, and Credit Suisse First Boston announced the latest issue in a recent string of bonds for US companies: a $100m deal for Coca-Cola Enterprises, the bottling company forthe soft drinks concern.

The 8½ per cent three-year to meet firm demand from Con- issue, priced at 101¼, was said tinental Europe and trade at around less 1 bid, compared with ⅞ per cent fees.

In spite of recent falls in prices of equity warrants bonds for Japanese companies, which has sent warrant premiums down by as much as 10 per cent, four more such issues appeared yesterday. They all traded at discounts to issue price.

Daiwa Europe led a $200m issue for Kajima Corporation, the construction company, with an indicated 1⅝ per cent coupon, Nomura International a $25m issue for Ohbayashi

INTERNATIONAL BONDS

Road and Construction, with an indicated 1⅝ per cent coupon, and Nikko Securities a $100m deal for Nichirei, the refrigerated warehousing and frozen foods company, with an indicated 1⅝ per cent coupon.

All these bonds were for five years but Yamaichi International set a seven-year maturity on another $50m bond for Nichirei. This bears an indicated 2⅝ per cent coupon.

As Euroyen prices struggled to regain stability after sharp falls on Monday ,two yen-dominated issues emerged.

Nikko Securities (Europe) led a Y45bn five-year deal for Ford Motor Credit, priced at 101 and paying interest at one per cent in the first two years, and then at 7 per cent. Meanwhile, Mitsui Finance and Nomura International led a Y10bn five-year deal for Brisa Autostrada, the Portuguese motorways company, guaranteed by the republic. This pays interest at a rate of 60 basis points below the Japanese long-term prime rate.

The D-Mark market opened up to 1½ points lower, depressed by the stronger dollar, but later recovered to Monday's levels in hectic trading.

The *World Bank's* 6½ per cent bond opened at about less 2½ bid, but recovered by nearly ¾ point. The bond was issued on Monday through a new syndicate which included foreign banks.

Deutsche Bank led a DM 100m seven-year 6½ per cent issue for *Canon Europa*, the subsidnary of the Japanese optical and photocopier group. The bond was priced at 99½.

In Switzerland, prices ended the day unchanged in slightly higher volume.

S. G. Warburg Soditic led a SFr 100m eight-year issue for *TNT*, the Australian freight company, with an indicated 5 per cent coupon and indicated 100¾ issue price.

Banca Manusardi led a L150bn callable seven-year 10 per cent issue for the *European Investment Bank*, priced at 100¾.

Japanese plan $4bn equity warrant issues

BY YOKO SHIBATA IN TOKYO

JAPANESE companies are expected to make an unprecedented number of Eurodollar bond issues with equity warrants in July.

Equity warrant bond issues for 34 issuers worth $4.27bn have been lined up for flotation in the first half of July, well above the previous monthly record of $3.33bn by 34 issuers set in May, according to Japanese brokerage houses.

The busy issue schedule arises from the expectation that Tokyo share prices will surge further, and from the growing perception on the part of Japanese borrowers that in yen terms, interest rates on Eurodollar equity warrant bonds are effectively negative.

In April, Eurodollor warrant bonds by Chiyoda Fire and Marine, Sumitomo Realty and Keihin Railway carried negative interest rates for the first time. The strong stock market permitted a low interest rate which, when swapped into yen, means these companies will not pay, but will instead receive interest payments for having issued the bonds.

Negative interest rates have induced even medium-sized Japanese corporate borrowers, some of which are unknown abroad, to join in the market.

However, there is a growing divergence of issue terms, such as coupon rates, while grey market trading is also showing wide price variations. The difference between the highest and lowest coupon rates has widened from 0.375 per cent to about 0.625 per cent.

This widening discrepancy reflects the calbre of borrowers, including such variables as their stock price performance and earnings. A sharp contrast in coupon rates was demonstrated by Tokyu Railway, with a 0.875 per cent coupon which broke the 1 per cent barrier the first time, and Minebea, which was compelled to cancel the issue due to poor market response.

Brokers said at the time that Minebea's 1.625 per cent indicated coupon was set too low, in view of the fact that previous equity warrant bond had proved unpopular in the secondary market.

From January to June 17 this year, Nomura lead managed 72 issues totalling $10.4bn,

Sumitomo Bank calls for US Treasury yen bonds

BY PETER BRUCE IN TOKYO

SUMITOMO BANK, one of Japan's biggest commercial lenders, has joined a growing number of Japanese institutions calling on the US Treasury to issue yen denominated bonds to help defend the dollar against any future collapse in its value against the yen.

Echoing similar calls recently by the Industrial Bank of Japan, Sumitomo yesterday said the Treasury should consider isuing up to $30bn in medium-term yen-denominated bonds.

Mr Masahiko Koido· the bank's chief economist, said that while he expected the dollar to recover and stabilise for a time at around Y150 by the end of this year, an exchange rate of Y130 to the dollar in three years time was both "plausible and probable."

The US Treasury issued so-called "Carter bonds" worth $6.4bn in the late 1970s denominated in Swiss francs and D-Marks to stop the dollar weakening. The Japanese see their plea for "Reagan bonds" now as a way of establishing an insurance policy for the US currency.

By selling yen denominated bonds, the US Treasury would be able to build up yen reserves with which to buy dollars, should the US currency need help.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on June 22

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	94⅝	94⅞	+0⅛	+0¼	8.94
A/S Eksportfinans 7⅝ 93	100	94	94½	+0¼	+0⅜	8.81
A/S Eksportfinans 7¼ 92	150	95⅜	95⅞	+0¼	+0⅜	8.42
Austria 7¼ 97	200	92	92½	+0⅜	+0⅝	8.97
BP Capital 9⅛ 94	100	102⅝	103	+0⅜	+0½	8.58
British Telecom 7⅝ 96	250	91⅛	91⅝	+0½	+0½	9.03
Campbell Soup 10½ 95	100	107¾	108⅛	+0⅜	+0¼	9.06
Canada 9 96	1000	101⅝	102	−0⅛	+0⅛	8.71
Canadian Pac. 10¼ 93	100	105⅝	106	+0¼	+0⅛	9.47
CCCE 7⅛ 91	133	95⅜	95⅞	+0⅜	+0½	8.35
CNCA 7¼ 91	150	95⅛	95⅝	+0¼	−0⅛	8.51
Citicorp 8¼ 93	200	†92⅝	93⅛	+0¼	0	9.82
Credit Lyonnais 9 91	200	101⅜	101⅞	+0⅛	+0⅛	8.44
Credit National 7⅝ 92	100	95⅝	96⅛	+0⅜	+0¼	8.44
Credit National 9⅛ 93	150	102½	103⅛	0	+2⅝	8.48
Credit National 7¼ 91	150	95¾	96¼	+0⅜	+0½	8.33
Denmark Kingdom 7⅛ 92	500	93⅜	93⅞	+0⅜	+0⅝	8.82
Denmark Kingdom 8¼ 91	300	98⅝	99⅛	+0⅛	+0⅝	8.58
EEC 7 91	100	95½	96	+0¼	+0⅜	8.16
EEC 8¼ 96	100	96⅞	97⅜	+0½	+0⅝	8.72
EEC 7¼ 93	250	94¼	94¾	+0¼	0	8.49
EIB 7⅝ 93	100	94⅞	95⅜	+0½	+0⅝	8.62
Finland 7⅞ 97	200	91½	92	−0⅛	+0¼	9.21
Finland 7½ 93	200	94	94½	+0⅜	+0⅜	8.72
Ford Motor Cred. 10½ 91	150	106⅝	107	0	+0¼	8.59
Ford Motor Cred. 11⅜ 90	100	106½	107	+0⅜	+0¼	8.39
Gen. Elec. Cred. 10¼ 00	200	103⅜	103⅞	+0⅛	+0⅝	9.74
Hoesch 7⅜ 92	100	97	97½	+0⅛	+0⅝	8.08
Hoesch 7⅞ 94	300	95⅛	95½	0	+0⅛	8.83
Hoesch 8¼ 97	100	†95⅛	95⅝	+0⅛	−0¼	8.97
Liberty Mutual 8½ 96	150	95⅝	96⅛	0	−0⅛	9.19
LTCB of Japan 8 91	100	97⅞	98⅜	0	+0⅜	8.54
LTCB of Japan 8 97	200	93	93½	+0¼	0	9.07
Mercds.-Benz Cred. 7½ 93	100	†97⅛	97⅝	+1¼	+2¼	8.05
Mitsubishi Fin. 7⅞ 93	100	94⅛	94½	+0⅜	+0⅜	9.07
Mutual America 7⅝ 92	100	95⅜	95⅞	−0⅛	+0⅛	8.65
Norway Kingdom 7¼ 91	500	96⅛	96⅝	+0⅛	+0½	8.30
Pepsico Inc. 7⅜ 93	200	94½	95	+0½	+0⅝	8.54
Qantas Airways 10⅜ 95	140	106⅜	106⅞	+0½	+0¼	9.17
Queensland Govt. 10¼ 95	100	105½	106	+0⅝	+0⅜	10.16
Ralston Purina 11¼ 95	150	—	—	—	—	—
Saab Scania 9½ 91	125	102⅞	103⅜	+0⅛	+0½	8.44
Saskatchewan 10¼ 92	100	107¾	108¼	+0⅜	+0¼	8.58
State Bk. S. Aust. 9¼ 93	100	101⅝	102⅛	+0⅜	+3⅜	8.79
Statoil 10 90	170	†103¾	104¼	−0⅛	+0¼	8.48
Swed. Exp. Cred. 7¼ 91	100	†95½	96	+0⅛	−0¼	8.41
Swed. Exp. Cred. 10 92	100	105¾	106¼	−0¼	−0⅜	8.46
Sweden 8¼ 96	200	99⅜	99⅞	+0½	+0⅝	8.80
Sweden 7 92	250	95	95½	+0⅛	+0½	8.26
Sweden Kingdom 10⅞ 90	200	107⅛	107½	+0⅜	+0½	7.96
Sweden Kingdom 7 91	250	95½	95⅞	+0⅛	+0⅜	8.20
Taiyo Finance 7¾ 94	100	92⅝	93⅛	0	+0¼	9.22
Toyota Motor Cred. 8 89	100	†100¼	100¾	−0¼	−0⅝	7.72
Toyota Mtr. Cred. 7⅛ 92	150	93⅞	94⅜	+0⅛	+0⅝	8.71
Victorian Rep. 11⅝ 92	150	110⅞	111⅜	+0⅜	+0⅝	8.88
World Bank 7 92	300	95⅜	95¾	+0⅜	+0½	8.19
Yasuda Trust Fin. 8½ 93	100	98¾	99¼	+0⅝	+1	8.72

Average price change on day +0¼ on week +0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	109	109⅝	−0⅝	−0⅝	6.34
Austrian Elec. Co. 6½ 95	150	101⅝	102⅛	+0¼	+0⅛	6.18
BMW 5¼ 96	200	92½	93⅛	0	+0¼	6.32
Daimler Benz Int. 5⅜ 01	500	91¼	92	−0⅛	0	6.69
Dow Chemical 5⅝ 96	300	94⅝	95¼	−0⅛	0	6.40
Dow Chemical 6⅛ 95	300	100⅞	101⅜	−1⅜	−1¼	6.62
EIB 5½ 98	150	91⅞	92⅛	0	−1⅛	6.58
EIB 6⅛ 96	300	97⅜	98	−0¼	−1½	6.46
EIB 6⅞ 95	300	101⅞	102⅜	−1⅜	−1⅜	6.49
EIB 6 97	300	96¾	97½	−0⅜	−0⅞	6.48
Euro. Coal & Steel 5⅞ 97	175	94⅞	95⅝	−0½	−1⅝	6.55
Eurofima 6¼ 96	100	99¼	100	−0⅝	−0⅝	6.31
Ex.-Im. Bk. Korea 7⅝ 90	100	104⅜	105⅛	0	0	5.82
Finland Republic 7 92	200	105⅛	105⅞	−0⅛	+0⅜	5.99
Hoesch Intl. Fin. 7 95	100	102⅞	103⅜	−0⅛	−0⅛	6.56
Hydro Quebec 5½ 96	125	94⅜	95⅛	−0⅝	−0⅝	6.25
Hydro Quebec 6 16	150	82⅛	82⅞	−2⅛	−2⅝	7.50
IADB 6 97	200	94½	95	−2⅛	−2¼	6.74
IBJ 5⅝ 96	200	93¼	94½	−0⅜	−1⅛	6.52
Japan Finance 5¾ 97	100	94⅞	95⅝	−0¼	−0½	6.42
Julius Baer Bank 2 94	150	103¼	104¼	+0½	+1¼	1.42
Korea Dev. Bank 6⅝ 93	100	101⅜	102⅛	−0¼	−0⅛	6.26
Mitsubishi M. 3⅛ 89 WW	100	131½	132½	0	0	−7.94
Mitsubishi M. 3⅛ 89 XW	100	96½	97⅛	0	−0⅛	4.47
Renfe 7¼ 95	100	106¼	107	−0⅛	−0⅞	6.64
Soc. Cent. Nuclear 7¼ 95	150	102⅞	103⅝	−0⅝	−0¼	6.71
Soc. Cent. Nuclear 8 91	100	106⅛	106⅞	−0¼	+0¼	6.13
Steweag 5½ 96	100	94¼	95⅛	−0⅜	−0⅜	6.25
Tokyo Elec. Power 6 97	300	†95⅝	96⅛	−0⅝	−1⅜	6.55
World Bank 5⅞ 97	700	95	95¾	−0½	−1⅞	6.53
Yorkshire Intl. 6¼ 01	200	92½	92¾	−0⅛	−0¼	7.19

Average price change on day −0½ on week −0⅞

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 5⅝ 96	100	†102¼	103	−0½	−0⅛	5.22
Amer. Corpn. 5⅛ 01	200	†94	94⅛	+0⅜	0	5.88
Baker Int. 4⅛ 96	200	†88	89	0	0	5.80
Carlsberg 5 96	80	†101¼	101¾	0	−1½	4.79
Chujitsuya 5¼ 94	50	†103½	103¾	+0⅜	+0⅜	4.76
Deutsche Bk. Fin. 5⅜ 95	100	†105½	105¾	−0⅛	−0¼	4.40
EIB 4⅝ 97	200	†98½	99	+0⅜	−0⅛	4.79
Glendale F. S. & L. 5½ 95	100	†101½	102	0	−0¼	5.25
Humana 5⅛ 98	120	†99	99½	0	+0¼	5.21
Industrial Credit 5¾ 96	75	†100	100¼	0	+0½	5.73
Japan Dev. Bk. 5⅜ 97	100	†101½	101⅞	−0¼	−0¼	4.91
Oberos. Kftwk. 5⅜ 95	100	†103½	103¾	+0⅛	+0⅜	4.79
Olivetti Intl. 5½ 95	100	†103½	103¾	−0¼	−0⅜	4.94
Pepsico 5¼ 95	130	†105½	105¾	+0⅛	+0⅜	4.37
Prov. of Manitoba 4¾ 94	200	†102½	102¾	0	−0⅛	4.32
Ralston Purina 5⅜ 94	125	†102¾	103	−0½	−0½	4.90
Settsu Euro. 0 01	100	†47⅝	48	+0⅝	+0½	5.52
Tohoku Elec. Pwr. 4⅞ 96	150	†99¾	100	0	0	4.89
USX Corpn. 5¾ 98	100	†97¾	98	+0⅛	+0⅜	6.01
World Bank 5¾ 94	150	†105½	106	+0⅜	+0⅛	4.81

Average price change on day +0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Credit National 4⅞ 92	15	96½	97	−0⅛	−2⅝	5.34
Denmark, Kingdom 5⅛ 92	130	100¼	100⅝	+0⅛	−1	4.99
EIB 4⅝ 94	40	95	95⅜	+0½	−3¼	5.31
Elec. de France 5⅛ 94	20	98⅜	98⅞	+0⅝	−3⅛	5.37
Kansai Electric 4⅝ 94	60	96¼	96¾	+0½	−2½	5.24
Kingdom Belgium 4⅝ 94	45	95	95¼	+0⅜	−3⅝	5.49
Norway 4¼ 92	60	95¾	96⅛	−1⅞	−2	5.20
SNCF 4⅞ 93	20	97½	98	+0¼	−2⅝	5.33
Sweden, Kingdom 5⅝ 95	20	101	101½	+0⅛	−4	5.43

Average price change on day 0 on week −2¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
A/B Electrolux 14½ 90 A$	50	102⅛	102⅞	−0¼	−0½	13.17
Bergen Bank 15 90 A$	50	102¾	103¼	−0⅛	+0⅝	13.37
BHF Bank 14⅜ 92 A$	40	102⅛	103⅛	−0⅜	−0⅜	13.53
DG Finance 14⅜ 92 A$	50	105⅝	106⅛	−0¼	−0½	12.61
Deutsche Bk. 14¼ 92 A$	100	104⅞	105⅜	+0⅛	−0⅜	12.83
Deutsche Bk. 14½ 92 A$	150	105	106	−0¼	−0¼	12.90
Montedison F. 15½ 90 A$	50	101¾	102¼	−0⅝	−0⅜	14.38
World Bank 14⅛ 92 A$	100	103⅛	104⅛	−0⅝	+0¼	12.99
Canadian Pac. 10⅞ 90 C$	75	102½	103	+0⅜	+1⅛	9.33
Chrysler Corpn. 10 91 C$	75	99⅛	100	+0⅜	+0⅞	9.35
Genstar Fin. 11¼ 95 C$	75	†103⅜	103⅞	0	−0¼	11.04
GMAC 9¼ 92 C$	75	100	100⅝	+0¼	+0⅛	9.21
Royal Trustco 10⅜ 90 C$	75	101⅞	102⅜	+0¼	+0⅛	9.58
Sears Acc. 10⅝ 92 C$	75	†101½	102	+0½	+0⅛	10.15
Coca-Cola F. C. 17 90 NS	75	100¼	101¼	0	−0¼	16.59
Denmark 7¾ 92 Ecu	100	†96⅞	97⅞	−1	−1½	8.10
EIB 7⅜ 91 Ecu	100	*99¼	99¾	0	−0½	7.49
Euratom 7⅜ 97 Ecu	145	†93⅜	93⅞	−1¼	−2¼	8.34
New Zealand 7¾ 93 Ecu	200	†96¾	97¼	−1¼	−1¼	8.42
SDR 7⅞ 95 Ecu	98	†96¼	96¾	−2	−2⅛	8.37
Finland 6 91 Fl	100	100⅜	100⅞	0	+0¼	5.82
Mort. Bk. Denmark 6 91 Fl	150	98⅞	99⅜	0	+0¼	6.22
Thyssen 7¼ 90 Fl	50	102⅝	103⅛	0	+0⅛	6.22
Wessanen 6¾ 90 Fl	50	102	102½	0	0	5.96
American Brand 9½ 94 £	50	99½	100⅛	0	−1⅜	9.51
Amer. Express OC 10 94 £	40	†102¼	102¾	−0¼	−2	9.47
Deutsche Bank 9⅞ 97 £	75	101⅛	101⅝	+0¼	−1	9.64
GMAC 9 92 £	50	96⅝	97⅛	−0⅛	−2⅛	9.82
Halifax Bld. Soc. 10⅜ 97 £	100	101⅜	101⅞	0	−1¼	10.09
Imp. Chem. Inds. 10 03 £	100	†102½	103	−0⅜	−2⅛	9.65
Imp. Chm. Inds. 10¼ 92 £	75	102⅛	102⅝	0	−1¼	10.12
Invst. in Inds. Int. 10 93 £	60	99⅝	100⅛	−0¼	−2½	10.01
Land Securities 9½ 07 £	200	†90¼	90¾	+0½	−2	10.66
Leeds Bldg. Soc. 10½ 91 £	50	101	101⅜	−0⅛	−1½	10.10
Nationwide BS 10⅛ 93 £	75	101	101⅜	−0¼	−1¼	9.84
NSW Treasury 10⅝ 92 £	50	102½	103⅛	−0⅜	−2⅜	9.92
Prudential Fin. 9⅜ 07 £	150	92¾	93⅜	+0¼	+0¼	10.21
Royal Insce. 10¾ 92 £	60	†104¼	104¾	−0⅜	−2⅛	9.59
J. Sainsbury 10⅞ 93 £	60	103⅛	103⅝	−0½	−2¼	10.02
Trusthouse Forte 11⅛ 90 £	50	103⅛	103⅝	−0⅛	−1⅜	9.65
World Bank 11¼ 95 £	100	109½	110	−0⅜	−1⅜	9.44
CoE 8⅞ 95 LFr	600	*104⅞	105⅞	+0¼	+0½	7.95
EIB 8⅝ 93 LFr	1000	*103¾	104¾	0	+0⅛	7.65

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 3 93	0.0312	99.55	100.09	11/6	6.14
Alliance & Leic. Bldg. 94 £	0.08	98.87	98.92	20/4	9.89
Belgium, Kingdom of 91	0	100.01	100.11	19/2	6.69
Britannia 5 93 £	0⅛	99.30	99.34	8/4	10.06
Chase Manhattan Corpn. 91	0⅛	98.95	99.12	28/8	6.56
Citicorp 98	0¼	97.31	97.44	27/2	6.63
Credit Lyonnais 5 00	0⅛	†98.75	98.85	13/7	6.19
EEC 3 92 DM	0	†100.35	100.45	28/2	4.19
EEC 5¼ 93 Ecu	0.0312	†99.85	99.95	30/1	7.38
Halifax Bldg. Soc. £ 94	0.1	99.14	99.20	6/5	8.97
Midland Bank 01 £	0.1	95.92	96.01	9/5	8.91
Milk Mrktg. Board 5 93 £	0⅛	98.94	98.98	30/3	10.00
New Zealand 5 97 £	0.07	99.01	99.11	16/5	11.00
New Zealand 5 01	0	98.98	99.08	4/8	6.31
Shearson Lehman Hldgs. 91	0⅛	98.98	99.15	6/5	7¼
United Kingdom 5 92	0	†99.93	99.96	7/4	6.31
Woodside Fin. 5¼ 97	0	99.41	99.52	28/4	7.06
Woolwich 5 95 £	0⅛	98.78	98.85	19/5	10.62

Average price change on day −0.02 on week +0.06

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5 92 DM	12/83	472	144⅝	145⅝	0	3.40
Minolta Camera 2¼ 94 DM	2/86	1105	97⅛	98⅛	+0½	58.17
Ashikaga Bank 2⅛ 02	4/87	996	117⅞	119	−0⅜	−4.18
Chiba Bank 2⅞ 02	1/87	839	215	217	−1⅞	2.31
Fuji Bank 2¼ 00	10/85	1623	†352	353	−6	−3.27
Fuji Heavy Industries 3 00	8/85	676	142¼	143¼	+13	9.21
Fujitsu 3 99	5/84	1189	166	167¼	+0¼	1.99
Gunma Bank 2⅛ 02	4/87	808	135⅝	136⅝	−0¼	−4.08
Mitsubishi Bank 2⅞ 00	8/85	1715	†337	338	−9	−4.20
Mitsubishi Trust 2½ 01	5/86	1600	†318	319	−3	−7.37
Mitsui Trust 2⅜ 01	10/86	1990	149⅞	151⅞	+0⅛	2.56
Murata 3½ 00	7/84	1998	230⅝	232⅝	+7⅞	6.80
Nippon Elec. 2⅞ 00	1/85	1295	253¼	254¼	−12⅞	159.52
Nippon Oil Co. 3 00	5/85	929	†242	243	−10	−7.56
OKI Elec. Ind. 3⅛ 99	10/84	605	168⅞	169⅞	+6⅞	6.57
Omron Tateisi 2⅜ 02	4/87	1350	123⅝	124⅝	+9¼	−0.31
Sumitomo Bank 2¼ 00	8/85	2142	†329	330	−5	−0.16
Toshiba Ceramics 3 00	4/85	1734	154½	156½	+0¼	9.92
Nippon Oil Co. 2⅛ 92 SFr	3/84	1001	†152	153	0	−2.04
Yokohama Bank of 2⅜ 01	10/86	1045	187⅝	189⅝	−5⅞	−2.55

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTL. COMPANIES & FINANCE

Full privatisation for Manila bank

BY RICHARD GOURLAY IN MANILA

BANK OF BOSTON and local Philippines partners have agreed to buy Commercial Bank of Manila for around $25m in the first full privatisation of a government controlled financial institution since President Corazon Aquino came to power 16 months ago.

The US bank will finance its share of the deal, worth about $19m, by converting into equity some of its Philippine debt which has been blocked by the central bank since the start of the debt moratorium in 1983.

The debt to equity conversion will allow Bank of Boston to upgrade its operation in the Philippines from an offshore banking unit that can transact only in dollars to a fully licensed local bank able to lend pesos.

American Express Bank last year bought 40 per cent of the International Corporate Bank in a similar deal. Both foreign institutions have chosen to convert their Philippine exposure into what they hope will be more productive assets partly because their debt is locked up with the central bank.

The moratorium included in the latest debt rescheduling package agreed with the commercial bank advisory committee means principal will begin to be repaid at the earliest in 1994. Further reschedulings of the country's debt, currently standing at $27.8bn, will probably follow, bankers suspect.

Technically, the terms of the debt to equity swap allow the Bank of Boston to begin repatriating its equity investment in Commercial Bank over seven years beginning in 1991, although the company says it has a long-term commitment to the Philippines.

Bank of Boston will hold 100 per cent of the preferred stock in Commercial Bank but only 40 per cent of the voting stock. As a result management control remains in Philippine hands, and the constitutional limit on foreign investor holdings is met in accordance with local law. Bank of Boston will, however, supply management expertise.

The local partners will buy Bank of Boston's Philippine debt paper to finance their portion of the purchase, paying the face value rather than the discounted price of approximately 71 per cent of par that is available in the secondary market. The deal will cut Bank of Boston's exposure to the Philippines to about $59m.

Commercial Bank of Manila is a small bank with total assets of $90m. However, it is one of the five government controlled banks that has to be privatised before September 1988 to meet World bank conditions for a $310m economic recovery loan that was signed in March.

Buyers still have to be found for the four other government held banks and the 60 per cent of Interbank not bought by American Express last year. Negotiations for this deal took the Government Service Insurance System, which controlled Commercial Bank, and Bank of Boston 11 months.

Dah Sing Bank to buy HICB from government

BY DAVID DODWELL IN HONG KONG

THE HONG KONG government took an important step away from running domestic banks when it announced agreement in principle to sell Hongkong Industrial and Commercial Bank (HICB) to Dah Sing Bank, a small family-controlled local institution.

HICB is 63.5 per cent controlled by Overseas Trust Bank (OTB), which collapsed in June 1985 amid allegations of widespread fraud, and was rescued by the government at an estimated cost to taxpayers of HK$3bn (US$384.6m).

Both banks have since been nursed by the government, with the cost of the HICB rescue estimated at just over HK$400m. A third bank, Hang Lung, has been in government hands since it collapsed in 1983.

Dah Sing was founded in 1947, and is controlled by the Wong family, which holds an estimated 55 per cent. Standard Chartered Bank of the UK also has an estimated 20 per cent holding in the bank, which has 11 branches in the territory.

Terms of the deal were not disclosed yesterday, and are unlikely to be unveiled until the middle of July. This is partly because the purchase price will be based on a premium to net asset value, which has yet to be calculated. It is also partly due to the need for approval of the deal from minority shareholders in HICB.

Dah Sing remains one of the few family-controlled banks in Hong Kong. A string of collapses between 1983 and 1986 forced many banks in to the hands of "big brother" banks. Hang Seng, for example, has taken control of Wing on Bank, while the Peking-linked China International Trust and Investment Corporation (Citic) now owns Ka Wah Bank.

Mr David Wong, who heads Dah Sing, was yesterday unavailable for comment, but it is understood that the acquisition is in part intended to give the group the "critical mass" it needs to survive in Hong Kong's increasingly competitive retail banking market.

HICB has more than 20 branches spread across Hong Kong. Since being baled out by the Hong Kong government, a majority of its non-performing loans have been pledged on OTB's shares. A one-for-four rights issue has been mounted to raise HK$400m, which has left the bank with what is understood to be a clean balance sheet. Full financial details are expected around July 18, when the bank's results for the year to June will be unveiled.

In the six months to December, 1986, HICB reported a net profit of HK$6.68m, compared with a HK$10.8m loss in the first half of 1985-86.

Earnings advance by 34% at Hong Kong Telephone

BY OUR HONG KONG CORRESPONDENT

HONG KONG Telephone, the quoted Cable and Wireless subsidiary which has a monopoly franchise for telephone services in Hong Kong, yesterday reported attributable profits for the year to March of HK$937m (US$120.1m) — a 34 per cent improvement on previous year profits of HK$697m.

The results come at the end of a year in which the company has been under increasing competitive pressure, with British Telecom as well as Hutchison Telephone, a local group controlled by Mr Li Ka-shing's Hutchison Whampoa, both pressing for a share of the lucrative local telecommunications market.

The profits on a large proportion of Hong Kong Telephone's operations are controlled by a franchise agreement and a scheme of control — the price the group must pay for its effective monopoly. Profits are linked to shareholders' funds, and are limited to 16 per cent on operations that are subject to the scheme.

The strong profits performance is thus largely due to the increasing profitability of Hong Kong Telephone's subsidiary operations, principally Communications Services (CSL), and data communication services. Subsidiaries' profits surged by almost 53 per cent to HK$327m—thus accounting for almost 35 per cent of the group's overall profit.

Profits were also boosted by a decision to stretch group depreciation charges to 15 years from the current 10.

Under the franchise agreement, which expires in 1995, there are a number of obligations to improve local telephone services, and the group was at pains yesterday to highlight progress over the past year. New telephones were installed on average within five working days, it said, with an extra 112,000 line connections being installed over the year.

International direct dialling services were almost doubled, with 413,000 subscribers now having IDD connections. A total of 35m IDD calls were made over the year, 40 per cent up on 1985.

It is only on international calls that Hong Kong subscribers pay a measured rate for telephone calls. All local calls are free, and subscribers with local-call-only units pay just a monthly rental for the equipment.

The company announced an interim dividend of 10 cents a share, compared with 8.7 cents last year. The board is now proposing a final of 10 cents (8.7 cents in 1985-86) lifting the total for the year by 14.9 per cent to 20 cents.

CMI to top prospectus forecast

By Jim Jones in Johannesburg

CONSOLIDATED Metallurgical Industries (CMI), the South African ferro-chrome producer, expects to exceed last year's prospectus earnings forecast in the year to June 30.

A preliminary profit statement estimates that the pre-tax profit will be R42.46m ($20.94m) against the previous year's R41.81m and that earnings will be 99.9 cents a share against 98 cents forecast in the prospectus last November when the company was listed on the Johannesburg Stock Exchange.

A total dividend of 55 cents is to be paid. The preliminary profit statement discloses neither turnover nor sales tonnage details. However, the company's two ferro-chrome production lines have been operating at their combined full capacity of 150,000 tonnes for most of the year.

CMI is the world's largest producer of granulated ferro-chrome and is managed by Johannesburg Consolidated Investment Company. Accumulated tax losses, which shelter the company from tax liability, will be exhausted in the 1988 financial year.

Takashimaya ahead

TAKASHIMAYA, a leading Japanese department store operator, lifted consilidated net earnings and sales both by 4.7 per cent in the year to February, AP-DJ reports from Tokyo.

Profits were Y12.69bn ($87m) against Y12.12bn, on turnover of Y837.37bn compared with Y799.65bn.

Takashimaya expects better results in the current fiscal year. It sees sales increasing Y866bn and net profits to Y13bn.

Santos pays less

SANTOS, the Adelaide-based oil and gas producer, has declared a reduced final dividend of 9 cents per share for 1986, down from 11 cents, making a total of 16 cents against 20 cents. The company said the payout, delayed because of changes in Australian tax imputation, would be tax-free to shareholders.

Sarich Technologies

A REPORT in the Financial Times of June 16 may have given a misleading impression about the share price performance of Sarich Technologies Trust, the Australian developer of an orbital vehicle engine. Although the shares rose to A$24 last year, a four-for-one stock split was largely responsible for returning them to a current level of just above A$3.

Increased profits for OEMV

BY PATRICK BLUM IN VIENNA

OEMV, Austria's state-owned oil and gas group, increased operating profits by more than a quarter last year despite a marked fall in turnover caused by lower oil prices and the weak dollar.

Operating profits rose from about Sch 1.1bn to Sch 1.4bn ($108m) in 1986 on turnover down 35 per cent from Sch 1.67bn to Sch 39.94bn.

The volume of sales of oil and oil products, however, increased slightly. The group is paying a 12 per cent dividend plus a 3 per cent bonus.

Mr Herbert Kaes, OEMV general director, said that 1986 had been a successful but difficult year for the group, which is expecting higher and more stable oil prices in the forthcoming months. He warned, however, that margins would remain tight because of a recent rapid rise in production costs.

Up to 25 per cent of the group's shares, which are now wholly held by OIAG, the state holding company for the nationalised industries, are to be sold to the public in the autumn, probably in November, as part of the Austrian Government's plans to privatise some of the country's state-owned industrial holdings.

The shares will be sold on the Vienna bourse with a portion later to be placed privately by banks in Britain, Switzerland and West Germany. In the long term, OIAG plans to sell up to 49 per cent of OEMV's shares.

The company also announced yesterday plans to buy Deutsche Marathon Petroleum, the West German subsidiary of Marathon Petroleum of the US. The German company has sales of about DM 1bn.

UK COMPANY NEWS

Racal forecasts strong growth after 11% rise

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

Racal, the UK electronics group, yesterday gave a strong forecast of continued profits growth when it declared an 11 per cent increase in pre-tax profits for the year to March 1987.

As a result of restructuring and the development of new businesses, the company said it was confident of a further period of sustained growth in the current financial year. It was looking for a particularly strong contribution from its fast-growing telecommunications and security businesses, whose combined operating profits are forecast to increase from £65m this year to £105m in 1988/89 and £145m in the following 12 months.

Strong performances by the group's data communications, security and telecommunications businesses were the main factors behind last year's upturn in pre-tax profits, which rose from £90.2m to £100.3m.

The profits growth was achieved despite sluggish sales, which increased by only 1.9 per cent to £1.29bn in the year to March 31 from £1.27bn.

Turnover was hit heavily by the downturn in military spending in the Middle East, which combined with tougher conditions in the UK defence market to reduce sales in the radio communications division from £184m to £131m and in defence radar and avionics from £131m to £127m.

Sir Ernest Harrison, chairman of Racal

Racal's marine and energy activities also suffered setbacks from the decline in the shipping and oil markets, with turnover falling back from £132m to £110m.

The most substantial contribution to increased profits came from the data communications business, which benefited from cost savings in the US to push trading profits up to £44m from £15m. In the security division, profits rose by 21 per cent to £31m from £25.7m, while telecommunications swung from a loss of £12.3m to profits of £10.2m.

Racal is anticipating exceptionally strong growth in its telecommunications division, which consists almost entirely of its Vodafone cellular mobile radio telephone business.

Operating profits in the cellular company are excepted to increase from £30m in the present financial year to £65m next year and £100m in 1989-90. By 1991-92, the group expects to have the capacity to handle 600,000 subscribers.

The company said it also expected another strong year of growth from the security division, with operating profits increasing by 15 per cent, while its data communications, defence radar and avionics businesses would make profit contributions similar to those of last year. Radio, marine and energy activities were also expected to improve on their performance.

Earnings per share last year amounted to 11.27p against 10.7p in 1985-86. Directors are recommending payment of a final dividend of 2.495p per share net of tax, making a total of 3.30p a share against 3.0345p.

STC purchases BTR business

By Clay Harris

STC, the telecommunications and computer group, has strengthened its leading position in the franchised distribution of electronic components through the purchase of part of BTR's Newey & Eyre subsidiary.

Neither company would disclose the sum paid. The acquisition is expected to help the combined operation to improve margins.

Newey & Eyre Electronic Distributors' businesses, which include Hi Tek, BA, DC, Dialogue, Kord and Swift Sasco, will continue to operate separately. STC expects this to add new product lines unavailable to its existing operations because of brand conflicts.

Asda Property shares fall as talks break down

BY STEVEN BUTLER

SHARES of Asda Property fell by a further 35p yesterday on the announcement that talks on a possible takeover had been broken off.

The company's shares had rocketed from 665p on June 16 to a high of 780p, before settling back to 675p yesterday.

Mr Manny Davidson, Asda chairman, said yesterday that he had insisted that any takeover offer be made before yesterday's annual general meeting but none was forthcoming.

Mr Davidson, who with family members control some 56 per cent of the company's shares, said any offer for the company would be unwelcome at this stage.

He told shareholders at the meeting that the company was committed to expanding in its current markets and to maintaining independence.

Asda is active in UK commercial and residential property with substantial interests in London and the south east of England, and has benefited by the continued substantial rise in property prices in those areas.

The company reported net assets per share of 455p at the end of last year, although this is estimated to be considerably higher today—possibly well in excess of 600p.

USM issues start trading at large premiums

By Alice Rawsthorn

NEW ISSUES are as popular as ever with investors, judging by yesterday's stock market. Three new recruits—Knobs & Knockers, Ross Consumer Electronims and Amercoeur Energy — began trading at healthy premiums.

Knobs & Knockers, a retailing group and estate agency now quoted on the USM, watched its shares rise from the placing price of 105p to 155p during the day. With its shares at a premium of 48 per cent to the original price, the company is now capitalised at £12.7m.

The shares of Ross Consumer Electronics, a manufacturer of audio accessories and another USM debutant, rose to an immediate premium of 18p over the placing price of 165p. The shares gathered momentum during the day and closed at 232p therebyl valuing Ross at £10.1m.

Amercoeur Energy made its debut on the Third Market at a hefty premium of of 83p, an increase of 28 per cent over the placing price. Amercoeur, which is involved with peat and anthracite mining, is now capitalised at £9.3m.

The first day premiums attracted by small companies like these tend to be inflated by the paucity of equity available. But these debuts follow an unprecedently active period for the new issues market. A succession of companies have staged heavily over-subscribed offers begun trading at generous and many new issues have premiums.

● The offer for sale of shares in Britannia, the West Country property developer, was reported to have been healthily over-subscribed when it closed yesterday morning. Full details of the level of subscription and the basis of allocation will be announced today.

SCHRODER MONEY Funds: For period from March 27 1986 to March 25 1987 net revenue applicable to each fund was Sterling fund £3.77m, US dollar fund $946,454, Deutschmark fund DM 196,021, Swiss franc fund SFr 18,491 and Japanese yen fund Y6.8m.

Nick Bunker and Hugo Dixon on the agreed £220m bid for Target

TSB banks on safety first

THREE WEEKS can be a long time in the history of a life assurance and unit trust group. It was at the end of May that Mr John Stone, managing director of Target, was invited to the TSB's HQ for talks about the purchase of his company by the big banking group.

This followed an informal approach from TSB's chairman Sir John Read to Sir Peter Parker, chairman of Target, the UK's fourth biggest unit-linked life company.

It means that TSB—floated on the stock market last September—at last has something to show its 2.3m shareholders.

The agreed £220m bid for Target, announced on Monday, seems to fit in reasonably well with the safety first approach to acquisitions expounded by Sir John Read.

The price may seem high in relation to pre-tax profits of at least £10m forecast by Target's directors, but TSB certainly cannot be accused of adventurism. Unit trusts, life assurance and pensions are businesses that TSB has been in since 1968.

And, although the Securities and Investments Board's rule on the marketing of life products—known as polarisation—may prevent Target and TSB Trust Company, the group's existing life business, cross-selling each other's products, there could also be competitive advantages.

Having said that, the group will still have something in the range of £1bn left from its £1.3bn flotation proceeds, when the final payment for TSB shares is made this September. So far, there is little indication of what it plans to do.

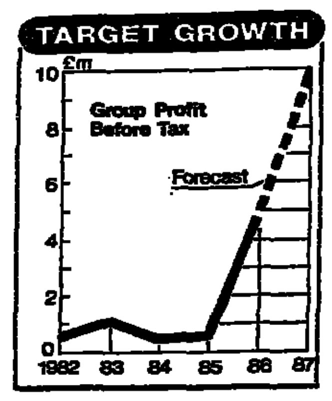
As far as Target's future strategy had been concerned, "stock market flotation was Plan A," says Mr Stone. Target was poised to seek a listing this summer after three years of talk and a setback in May 1986 when the stock market turned down and forced a postponement.

Three factors led Target to accept TSB's advances. First, the TSB deal will allow Mr Stone and team "to take a longer-term view" in its management decisions.

Second, TSB's backing will give it resources for capital investment—such as in systems development—and held it overcome the so-called "new business strain" which affects life companies if over-rapid growth boosts their expenses.

Third, TSB's offer includes a generous share option scheme benefiting 180 of Target's managers. Mr Stone says it is "a much better deal" than the one Sir Mark Weinberg and his management team secured when their life company—now Allied Dunbar—accepted a £664m bid from BAT Industries in December 1984.

John Stone, managing director of Target



The comparison with Allied Dunbar is apt for another reason. BAT operates it completely separately from Eagle Star, its other insurance subsidiary, with no voguish talk of "synergy." Mr Stone expects the same to be true of TSB's handling of Target and Andover-based TSB Trust Company, its own existing life and unit trust subsidiary.

There are good reasons for this—arising from the different markets in which the two operate, and from Target's strategy for coping with the impact of last year's Financial Services Act.

New marketing regulations under the Act are expected to lead to a contraction in the number of independent investment intermediaries—on whom Target has hitherto relied — because of the cost of compliance and a squeeze on commissions income.

TSB itself has outstripped the main UK clearing banks (with Barclays as its nearest rival) in maximising sales of in-house investment products like life policies or unit trusts. Yet its success here was bound to run up against constraints.

TSB Trust Company has capitalised on close liaison between its 1,600 branches and the 400 direct sales people who work for TSB Life. Each one is expected to service three or four branches, which provide "hot leads" to TSB customers likely to want investment product.

This has meant that in 1986, 90 per cent of TSB's life policyholders were also TSB depositors. The drawback has been that TSB Trust Company was geared towards success in areas like Newcastle-upon-Tyne but has been less dynamic in the affluent south where TSB's branch network is limited.

Plans to build up the branch network in the south of England, where it is weak, however, have not moved fast because of the difficulty in finding suitable locations.

TSB Life has been starting to move up-market into competition with Allied Dunbar and Abbey Life, the UK's two biggest unit-linked life companies. But purchase of Target gives TSB Group a much bigger presence in the affluent market served by those two groups.

Target itself has a complex history. Founded in the early 1960s, it has been transformed since 1980 when it was bought by Charterhouse J. Rothschild and the US-based Reliance Group.

John Stone, previously with Vanbrugh Life, took over as managing director in September 1981 and began developing Target as an up-market life company selling via insurance brokers. This meant slimming down Target's own direct sales force from 575 in 1981 to 225 in mid-1984, when Morgan Grenfell, the merchant banking group, took a 19.9 per cent stake in Target as part of a privately-placed flotation.

But Target has also reoriented its market position, with pensions plans making up 58 per cent of its new business last year. The key t3 its strategy after the Financial Services Act has been a separation into two divisions.

First, a specialist Independent Broker Division, selling products like executive pensions to high net-worth individuals via sophisticated brokers like Fairmount Trust, the Thames Valley-based company bought by Legal & General this spring.

Second, at the end of this year it will launch a new life company, servicing a broader cusomer base. It will aim to recruit investment intermediaries unwilling to bear the regulatory burden of remaining independent after the Act's provisions come fully into force in 1988.

They will become "appointed representatives" of the new life company, but Target aims to give them as much autonomy as possible.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Brookmount	‡2.7	—	1	4	1
Brunner Trust ......int	1.1	—	1.1	—	2.45
Burns-Anderson ...int	†1.5	—	1.35	—	3.03
Dwek Group	0.5	Aug 28	—	4	—
Electronic Data ...int	0.65	—	—	—	—
GEI Intnl	3.91	—	3.91	5.85	5.85
Gresham House sec int	3	—	3.45	5.43	4.85
Halma	†1.26	—	1.05	2.05	1.7
Hambros	5.8	—	5	8.2	7.2
Arthur Lee ....int	1	Aug 7	0.8	—	2.6
Marshalls Halifax ...	†4.5	Oct 1	3.75	6.25	5.25
Racal	2.5	Aug 19	2.27	3.3	3.03
Daniel Thwaites	§8.3	—	7.6	8.3	7.6
Trimoco ....int	‖0.3	—	—	—	—

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market. ‖ Gross.

UK COMPANY NEWS

Earnings fail to match profits surge at Hambros

BY HUGO DIXON

Hambros, the financial services group, yesterday published pre-tax profits of £60.8m for the year to March 31 — 40 per cent up on the previous year. However, an issue of new shares to finance the acquisition of Hambro Countrywide, its estate agency network, meant that earnings per share only grew from 24.7p to 25.9p.

For the first time, profits from non-banking activities (£37.7m) exceeded those from banking after transfers to inner reserves (£31.4m), underlining the restructuring of its business which Hambros has engineered in the past two years. Central finance and overhead costs were £8.3m, up from £6.5m.

On the non-banking side, estate agency was the star performer, contributing profits of £13.2m (£0.1m). During the year Hambro Countrywide sold 57,000 homes worth nearly £2.9bn and arranged more than £550m in mortgage finance.

Commissions from selling financial services accounted for about 30 per cent of estate agency profits. This figure is expected ot rise to 50 per cent during the current year as Hambro Countrywide expands its range of financial services.

There are also expected to be increasing opportunities for co-operation with the banking side on mortgages. At the moment, the bank has a mortgage book of £35m, earning it a margin of between 1½ and 2 per cent. It plans to start securitising mortgages later this year.

Insurance broking, mainly its share of C. E. Heath into which it backed Fielding Insurance Holdings last year, contributed profits of £7.4m (£4.7m), while loss-adjusting added £2.6m (£1.2m). However, stockbroking, through the group's 29.9 per cent stake in Strauss Turnbull, earned only £1.7m (£3.4m).

Investment gains of £8.2m (£8.2m) take into account what are thought to be permanent losses of £4.4m on investments including North Sea and General and Sovereign Gas and Oil. a margin of between 1½ and 2 employed.

Hambros announced that it will soon be adding to its non-banking side when it takes a 55 per cent stake in an un-named firm of financial fraud detectives.

On the banking side, Hambros has declined to increase its lending, and has relied more on fee income—now about 30 per cent of the total. Corporate finance accounted for 23 per cent of banking profits.

After tax and including extraordinary items, the group's profits were £45.4m (£28.8m). The final dividend of 5.8p will take the total for the year to 8.2p, 16 per cent above the effective total for the previous year.

See Lex

Brown & Jackson profits dive

HIT BY losses on Commodity trading Brown & Jackson, the marketing, distribution and commodity trading company, yesterday reported a sharp fall in pre-tax profits from £540,000 to £22,000 in 1986. Turnover dropped to £46.39m, against £52.56m.

Orianfinch, the commodity trading subsidiary, ran up losses of £592,000 and as a result, the board has decided that this company will cease trading in commodities when the remaining commodity positions, which are profitable, are unwound in the current year.

Premier Construction, the system building offshoot, had difficulty in obtaining a sufficient volume of sales to maintain material profitability and net profits declined to £65,000 (£426,000).

Elsewhere, EGH (Holdings) made steady progress through its toiletry and electrical subsidiaries. EGH (UK). the electrical distributor, increased profits to £270,000 (£111,000) while E. and G. Harris made £436,000 (£416,000).

The board said yesterday that it expected a material improvement in trading in the current year.

An extraordinary credit of £622,000 (£141,000 debit) arose from the disposal of the stake in Paul Michael Leisurewear and the release of a provision on a development property pursuant to its disposal.

Loss per 20p share was 2.23p (0.4p earnings). There is again no dividend.

GEI plans future growth as profits tumble to £3.3m

BY DAVID WALLER

GEI International, the maker of packaging machinery and steel, yesterday signalled a note of optimism for the present year's trading, despite announcing pre-tax profits down by more than a quarter for the previous year.

The £1.16m fall in profits to £3.35m on turnover of £63.98m (£68.85m) for the year to March 31 was anticipated by the market and the shares fell only 2p to close at 130½p.

Mr Michael Hale, managing director, said that the company had a record order book of £20m at the end of May, about 50 per cent ahead of the same period in the previous year.

He said that GEI had been substantially reorganised over the past year and was now ready for growth by acquisition.

"We'd like to add a fourth division by the end of the present financial year," Mr Hale said. "This could possibly be a small public company, or a division of a larger one."

He plans it to be the same size as one of the three existing divisions, with turnover of about £23m and £2m profits.

In the meantime, the company intends to make smaller bolt-on acquisitions, particularly in the packaging machinery sector. To this end, GEI announced yesterday that it has acquired two companies for a total of about £1.5m.

Last year's operating profits fell from £5.22m to £4.57m, reflecting a downturn in profits in the Special Steels division. The company said this was due to US import quotas which had dampened the market for bright drawn steel.

Tax was £1.31m (£1.69m) and earnings per share worked out at 5.7p, down from 7.9p in the previous year. The dividend was maintained at 5.85p for the year.

● comment

The most reassuring thing about these figures is that they display the firm hand of the new chief executive. Since Mr Hale joined in July, he has clearly scoured the group for redundant assets, and disposed of them. Hence, in the chairman's words, "the profit and loss account is cluttered with exceptional and extraordinary items." It should be less cluttered at the end of this year, and analysts have to do little more than add back the value of the stock write-downs to get to an estimate of £4.5m. Add something for the encouraging order book, and GEI could make £5m, which would put the shares on a prospective multiple nearly 15. Still a high rating for a company which for some years has displayed more evidence of potential than recovery, but it is underpinned by a yield of over 6 per cent. Whether the shares will do as much as match the market over the next year, having fallen behind in the last, depends on whether talk of substantial acquisitions is translated into action.

Whitecroft up 25% to £9.1m

BY ALICE RAWSTHORN

Whitecroft, the industrial holding company, yesterday unveiled a 25 per cent increase in pre-tax profits to £9.1m in its last financial year, reflecting growth in every area of activity especially in textiles and lighting.

The group has now completed the reorganisation of its building supplies and, after a £15m rights issue at the interim stage, is poised for further acquisitions in niche areas of the textile industry and in the domestic lighting field.

In the year to March 31, turnover rose to £121.66m (£104.01m) and operating profits to £9.19m (£6.89m). Earnings per share rose to 23.0p (18.2p) and the board proposes a final dividend of 7p making 10.0p (8.4p) for the full year.

Interest increased to £1.1m (£433,000). Taxation deducted £3.2m (£2.87m) and the cost of mounting the unsuccessful bid for Eleco is an extraordinary item or £732,000 (£1.15m).

Within the textiles division, Whitecroft benefited from the growth of its specialist businesses, such as medical fibres. Operating profits increased to £3.37m (£2.65m). Since the year end it has acquired two trimmings businesses.

Lighting emerged as the fastest growing division with profits of £3.66m (£2.39m). During the year, Whitecroft diversified into domestic lighting by purchasing MD Lighting.

The building supplies division was hampered by relocation and restructuring in the first half, but recovered in the second to increase profits to £1.24m (£1.17m).

Profits from property development were static at £2.27m (£2.23m).

John Symonds (left), chairman of WPP, and Martin Sorrell, chief executive

Burns-Anderson outlines plans for financial side

BY CLAY HARRIS

Burns-Anderson yesterday reported interim pre-tax profits of £870,000, a 31 per cent advance, and outlined its plans to create a diversified financial services group.

Sir John Harvey-Jones, the former Imperial Chemical Industries chairman who has taken the non-executive title at Burns-Anderson, said that the company's plan to create a national network of independent financial services could create a new model for combining the advantages of large and small companies.

"People want to work in small units with a lot of head room," Sir John said.

Mr Alan Moore, the new chief executive, expects Sir John (for whom he has acted as personal financial planner for more than a year) to act as a high-profile ambassador for Burns-Anderson.

The company expects to complete the sale of its industrial businesses, including Fiat dealerships, shopfitting operations and steel reinforcement suppliers by September. The financial activities accounted for two-thirds of profits in the six months to March 31.

Burns-Anderson tried to deflate expectations about the net proceeds from the disposals. "If we achieve double figures, we'll be very content," said Mr Anthony Holdsworth, director.

City analysts agreed that the total was likely to come in just under £10m.

Once the disposals are completed, the company plans to drop the Burns-Anderson name, probably for UMG, to reflect the central role of University Medical and General, the financial planner formerly owned by Mr Moore and Mr Holdsworth.

It is also likely that the head office will move from Manchester to Bristol, where UMG is based, although the company will continue to have a strong presence in north-west England.

Turnover rose to £23.64m from £21.76m in the first half. Earnings per share rose to 2.6p from 2.3p adjusted for the rights issue in October. The interim dividend is to be increased to 1.5p (1.35p).

JWT offers WPP deal on bid information

By Nikki Tait

JWT Group, the large New York-based advertising agency and PR group which is on the receiving end of an audacious bid from WPP, the UK marketing services group, yesterday offered to give the British company certain confidential information if WPP would meet certain conditions.

These are that WPP only buys shares pursuant to an any-and-all cash tender offer of at least $50.50 (£31.7) a share, and that it keeps open its tender offer and does not buy shares until the earlier of either midnight local time, July 24, or the expiration date of any other tender offer for JWT.

The move follows complaints from WPP that JWT was making certain information available to a preferred suitor.

Earlier in the day, at WPP's annual meeting in London, Mr John Symonds, chairman, told shareholders that, "despite JWT's statement and assurance that WPP's $50.50 proposal would be given a 'fair hearing,' market intelligence indicates and your board believes that this is not the case and that the JWT management is giving consideration to a leveraged buy-out proposal in which they have a vested interest."

WPP has already filed amendments to its initial legal action against JWT in Delaware, complaining about this discrimination among other matters.

The annual meeting itself whistled through in just seven minutes yesterday with no queries from shareholders. One shareholder did, however, congratulate the company on its figures and — to general applause — wished it success in its bid.

T. Cowie has 10% stake in Trimoco

T. Cowie, the Sunderland-based motor group, yesterday unveiled nearly a 10 per cent stake in **Trimoco**, the Luton motor distributor and finance company.

Trimoco, the former Combined Technologies Corporation, yesterday announced its first dividend, a special interim of 0.22p for the year which began in April.

Mr Roger Smith, chairman, said Trimoco expected to pay an ordinary interim and final "commensurate with the yield in the motor sector."

It is the latest company to attract the attention of Cowie, which has a history of taking strategic stakes in other car dealers. Cowie owns, for example, 14.9 per cent of Manchester-based Lookers, and has one or two other minor holdings, according to Mr Tom Cowie, chairman.

Mr Cowie, in January, sold a 10.3 per cent stake in Appleyard Group after the Yorkshire-based motor dealer rebuffed its takeover approach. A 4.9 per cent holding in Godfrey Davis Holdings was sold after the Ford dealer and park operator agreed to merge with Sunlight Group.

Mr Cowie described the Trimoco stake as an investment. Shares had been bought in the market to add to a holding of just under 5 per cent, which Cowie had owned for some time. Trimoco shares were 6p higher at 47½p.

The latest purchase was disclosed three weeks after the announcement that Mr James Longcroft, Trimoco's former chairman, and Tournesol, a company of which he is a director, had sold a total of 11.5 per cent of the group's shares.

Although it was indicated at the time that de Zoete and Bevan, Trimoco's broker, had sold the shares to a single buyer, this has now turned out to be an intention rather than a fact.

Mr Smith said that just under 5 per cent had been placed with a friendly buyer, and the others had been sold in the market. Mr Smith, his family and the Trimoco pension fund, bought the 14.35 per cent share of convertible loan stock which Tournesol sold at the same time.

The Trimoco pension fund now holds about 5 per cent of its assets in the company's convertible loan stock.

The company was spun off from Tricentrol, the independent oil company in 1981. Earlier this year it completed the sale of all high-technology interests to concentrate on its motor business.

Mr Smith told shareholders that current trading was running strongly ahead of budget, and that prospects for the first full year of the new company were extremely encouraging.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims: Anglia Television, Hardys and Hansons.

Finals: Ariel Industries, Booth Industries, Bridgend, A. F. Bulgin, Cable and Wireless, Charter Consolidated, Chelsea Man, ERF, Kewill Systems, Leigh Interests, MK Electric.

FUTURE DATES

Interims:	
Greenwich Cable Cmmunctns.	June 25
Warner Holidays	June 26
Finals:	
Brown and Tawse	July 6
Ellis and Everard	July 13
Harris (Philip)	July 20
Nobo	July 6

UK COMPANY NEWS

Dairy Farm's partial offer rejected by Kwik Save

BY NIKKI TAIT

Kwik Save, the North Wales-based discount food retailer where Hong Kong-based Dairy Farm International is mounting a partial tender offer to give it control of 25 per cent of the shares, yesterday rejected the Dairy Farm approach as "not in the longer term interests" of the company or its shareholders. It has written advising them not to accept.

But Mr Rodney Leach, a London-based director of Jardine Matheson, the Hong Kong trading house which currently owns 35 per cent of Dairy Farm, described the response as "mild, rational and not particularly unfriendly." He was, he said, marginally encouraged.

In rejecting the offer, Kwik Save argues that "no trading benefits seem likely to arise from an association with Dairy Farm."

Moreover, the UK company continues: "A substantial minority shareholding would adversely affect the board's flexibility in the strategic management of the business and its ability to protect shareholders' interests in the event that a full takeover bid were to be made for Kwik Save in the future, either by Dairy Farm or by a third party."

Elaborating yesterday, Mr Ian Howe, chairman and chief executive, maintained that a 25 per cent interest could give Dairy Farm a "blackmail weapon," and that the company was effectively gaining considerable control via a back-door route.

Kwik Save plans to meet shareholders later this week to put its case. Almost 90 per cent of the company is owned by institutions, according to Kwik Save, although only Provident Mutual, at just over 7 per cent, has a declarable holding.

The UK company also points to the capital gains tax liability which shareholders could face if they sell out in the tender, and reminds them of Kwik Save's record of consistent profits growth. Kwik Save's response follows a meeting with Dairy Farm last week.

The tender offer—at 450p a share—is due to close next Tuesday, but will be void if it fails to secure Dairy Farm a further 11.53 per cent of the UK company.

Dairy Farm, which already holds a 3.47 per cent stake, has said that it will not increase its stake beyond 25 per cent for 12 months, but has not ruled out a full bid longer-term.

Yesterday, Kwik Save shares gained 9p to 412p.

Brookmount plans to build national sports stadium

BY PHILIP COGGAN

A NEW national sports stadium, the first since Wembley was built in the early 1920s, will be constructed if Brookmount, the USM-quoted property company, achieves planing permission.

The stadium, which will probably be enclosed, is planned to be built at Sundon Springs in Bedfordshire and would, if all goes to plan, be opened in 1994. Brookmount's ambitions for the site also include a retail complex and will require a new junction on the M1 and the opening of the new railway station.

Brookmount revealed details of its plans yesterday as it announced a 50 per cent increase in its preliminary pre-tax profits for the year to March 31.

During the year, Brookmount acquired Atholl Land from Bricomin Investments, a subsidiary of British & Commonwealth, and last year's figures have been adjusted on merger accounting principles. The acquisition, which added £434,000 to profits, substantially increased the group's rental income and the diversity of its investment base.

The group's gross assets now stand at £32m and its net assets per share at £3.46p, compared with £2.21p at the last balance sheet date. That compares with yesterday's closing share price of 795p.

Pre-tax profits were £2.25m compared with the restated £1.5m on turnover only slightly higher at £5.42m (£5.37m). Net rental income was £2.63m (£2.34m) and development profits were £1.21m (£878,000), including £849,000 (£768,000) from related companies. Net interest payable was down at £955,000 (£1.28m).

The major joint venture was Trafalgar Brookmount, formed with Trafalgar House, which has as its main activity the development of parts of the old Brooklands racing circuit in Surrey. Planning applications covering 2.22m sq ft are currently being considered by Surrey County Council.

After tax of £656,000 (£466,000), earnings per share were 28.2 per cent higher at 23.2p (18.1p). The final dividend is being set at 2.7p making a total of 4p—this is the group's first full year on the market, so there are no comparative figures.

● comment

Brookmount's share price has trebled since it joined the market in January last year and now stands at dizzy heights—around two and a half times net asset value and a historic p/e of 34. But stock is difficult to buy and the market snapped up what was on offer yesterday pushing the share price up 25p to 795p. Lips are being licked in anticipation of the (admittedly enormous) potential of developments like Brooklands and the inevitably slow progress of planning applications only seems to whet the market's appetite. Unless one has an insight into the minds of Surrey County Council or the Secretary of State for the Environment it is difficult to put a realistic value on the shares—certainly it is little connected with this year's likely pre-tax profits of £4m. Not a stock for the faint-hearted.

Comac to join Third Market

By Philip Coggan

HARD ON the heels of Computer People, another company which specialises in supplying companies with computer staff is joining the stock market.

Comac, with a market capitalisation of only £1.78m, is smaller than either Computer People or the other quoted company in the sector, Task Force, and is accordingly becoming the fourteenth company to join the newly-formed Third Market.

Last year, it made pre-tax profits of £101,7'0, on turnover of £4.08m, supplying companies like Digital Equipment Morgan Grenfell and British Telecom with computer personnel, known as contractors.

New offices have recently been opened in London, Manchester and the Hague and Comac is forecasting that turnover will rise to £6m this year.

Strauss Turnbull is placing 530,000 shares, 35.8 per cent of the enlarged equity, at 120p each, with the proceeds being used to reduce borrowings and cut the long term gearing level from 69 per cent. At the placing price, the pro-forma p/e ratio is just under 17.

Only 50,000 shares are being sold by directors and the founder, Mr Mike Winsley, will retain a holding of just over 62 per cent.

Gresham House

Gresham House, investment trust and holding company, reported virtually unchanged pre-tax profits of £575,000 (£576,000) on total income of £2.7m (£2.65m) in 1986.

The directors declared a second interim dividend of 3p (3.45p), making 5.425p (4.85p) for the year. Earnings per share moved up from 9.3p to 12.4p.

Marshalls Halifax surges 34% to a record £9.65m

MR DAVID MARSHALL, chairman of Marshalls Halifax, the concrete products, rock drilling and handling equipment group, yesterday revealed that profits for 1986-87 had surged from £7.19m to a record £9.65m at the pre-tax level, a rise of 34 per cent.

In view of the sharp increase in profits and their confidence in the group's future performance the directors are stepping up the dividend for the year by 1p to 6.25p via a final payment of 4.5p.

Once again the improvement came from the concrete and quarrying division where trading profits of £9.6m showed an advance of 41 per cent over the previous year's £6.8m.

Mr Marshall said that compared with the experience of the past few years trading conditions for the sector were more buoyant although competition remained intense.

Engineering profits were down from £0.96m to £0.51m. Problems were encountered in most companies, the main one being lack of sales. Mr Marshall said the division had been reorganised and staff reductions made.

Group turnover for the year to March 31 increased from £69.34m to £86.58m and operating profits from £7.78m to £10.12m.

Pre-tax profits were struck after deducting interest charges of £811,000 (£588,000) and adding in exceptional credits of £344,000.

Tax took £3.44m (£2.53m) but minorities added £8,000 (£1,000). Extraordinary provisions rose to £1.55m (£115,000) and left available earnings at £4.56m, little changed on 1985-1986's £4.44m.

Mr Marshall said current year sales and profit figures augur well for the full year and beyond.

● comment

Another good slab of profits growth from Marshalls Halifax as the housing and DIY boom continues to benefit it as the lowest cost paving producer in the country. However, a £664,000 exceptional gain arising from a fire insurance settlement, albeit offset by some rationalisation costs, provided some of the £2.5m pre-tax uplift. Capital spending continues apace — and at £9m matched profits pound for pound. This keeps costs down but the bank balance modest. It was the problematic engineering activities which slipped back, finally pushing the company's management into more determined action. The result was the sale of Reliance Mercury, the closure of one of Halco's two factories and the disposal of the small South African unit — which collectively accounted for the below the line charge. Although the remaining engineering operations are breaking even now, the long frustration with this area's performance may have sapped the company's will to persist. This year £11m should be passed, which has the shares at 286p, trading on a prospective p/e of 16. Unless one believes the bid chatter this seems overdone.

LEE INTERNATIONAL's agreed offer for Media Technology International has gone unconditional was acceptances received from holders of 90.1 per cent of the camera hire company's shares. Prior to the offer, film and television lighting contractor Lee had a 29.9 per cent holding in MTI.

OVERSEAS STRATEGIC Investments has increased its holding in Office and Electronic Machines to 967,000 shares (15.8 per cent of the equity).

Halma maintains profits growth with 22% rise

Halma, safety, security and environmental products group, maintained profits growth in the second half ended March 28, 1987 and for the year as a whole the pre-tax figures were up 22 per cent at £6.46m, against £5.28m previously. The result however, fell below market expectations.

Turnover rose 18 per cent to £36.86m and at the trading level profits climbed from £5.3m to £6.47m. With earnings per 10p share stated at 10.8p (9.07p) the final dividend is lifted to 1.26p for a total up from 1.704p to 2.045p. A one-for-two scrip issue is also proposed.

Tax charge was £2.28m (£1.93m) and there was also an extraordinary debit this time of £475,000 which included £390,000 for the cost of closing Standard Engineering in the second half. The remaining activities of that company have been successfully integrated into its sister company, Standard Machinery, to which they are making a worthwhile contribution.

Capital expenditure in the year amounted to £1.52m and a further cash sum of £2.43m was paid for acquisitions. Cash flow was sufficient to meet these outgoings and still leave net cash balances at the year end at a record £3.5m.

Return on capital employed, while affected somewhat by the timing of acquisitions, was still at 49 per cent.

● comment

Halma proudly proclaims its refusal to hint at future profits to inquisitive analysts; the reward for its virtue is yesterday's 35p fall in the share price to 293p in the wake of profits falling short of expectations. Perhaps it has been the long term growth record which has inflated analysts' optimism — pre-tax profits have more than trebled in the past three years. However, there were one or two hiccoughs that explain the gap between the hopes and the reality; the microfilm companies saw a drop in orders from the MoD and the health service which knocked £300,000 off the previous year's profits and A & G, the group's quoted acquisition, fell £100,000 below expectations. But that apart, the strategy of growing by small acquisition seems to be working well and analysts are looking for £9m pre-tax this year which puts the shares on a prospective p/e of 19. A fair rating in the light of the growth record but one that is unlikely to improve until the interims show that these figures were a one-off shock.

Arthur Lee advances 18% to £1.9m

FURTHER PROGRESS was achieved by Arthur Lee & Sons steel and plastics group, in the half year to March 31 1987 with pre-tax profits up 18 per cent from £1.6m to £1.9m on turnover ahead 8 per cent at £40m.

The company said the second half had started encouragingly and demand for the majority of its products was running at a satisfactory level.

Accordingly, the interim dividend is being raised 25 per cent to 1p (0.8p). Last year a total of 2.6p was paid on £3.29m profits.

First-half earnings per share were 4.27p (4.02p), after a higher tax charge of £565,000 (£354,000) due to the reduced availability of prior years' losses. The full year charge however will not be reflected in a major cash outflow since there is being carried forward an adequate amount of Advanced Corporation Tax.

Steel and related products contributed profits of £1.97m (£1.78m) while plastics added £41,000 (£11,000).

Lee Steel Strip showed a strong recovery and achieved a substantially higher profit. Demand for its products continues to run at a high level.

Deliveries by Lee Bright Bars increased, largely due to higher exports which were facilitated by exchange rate movements earlier in the year. The increasing strength of sterling has more recently reduced the return on such shipments.

John Shaw performed well and is on course to improve upon last year's record profit. Smith Wires also experienced a high level of demand.

Profitability in the stockholding division was affected by the competitive trading conditions ruling in the market for bright bars, but C. Roberts & Co (Steel), whose product range covers a wider span, is experiencing increased activity levels.

Plastics results were hit by the costs and disruption of the resiting of Barrington Products (Leicester). This move has resulted in a lower cost base and improved efficiencies are now beginning to flow from the scheme.

Plasro Plastics was also affected by a plant reorganisation scheme, but is experiencing a good level of demand, particularly within its traditional range.

UK COMPANY NEWS

Clarke Hooper expands in US

By David Waller

Clarke Hooper, the Slough based sales promotion consultancy, yesterday announced the acquisition of Joseph Potocki & Associates, a leading California promotions company.

The maximum consideration is $15m (£9.4m), based on six times the average after-tax profits for the three years ending April 30, 1992. The initial payment is $2m, of which $1.9m is to be paid in cash raised from the placing of new Clarke Hooper shares.

This is Hooper's second acquisition since joining the USM in May last year, following the £1.2m purchase of Marketing and Promotion Group, a Canadian company, in March this year.

"The deal starts to tilt the balance of our activities towards North America," said Mr Barry Clarke, Hooper chairman, "more US acquisitions can be expected soon."

Although Potocki and Hooper have no clients in common, they both organise promotions for blue-chip marketing giants.

Potocki made pre-tax profits of $291,000 on turnover of $4m for the year to January 1.

Brunner Trust

Net asset value per 25p share of the Brunner Investment Trust improved from 130.3p to 162.6p over the 12 months ended May 31 1987.

For the half year to end-May gross revenue pushed ahead from £1.61m to £1.87m. Net earnings worked through at £732,000 (£673,000) after tax of £315,000 (£303,000) and same-again preference dividend payments of £8,000.

The interim dividend is maintaned at 1.1p from earnings of 1.14p (1.05p).

Dwek rises to £3.57m and plans further purchases

Dwek Group, the PVC sheeting and houseware manufacturer, produced pre-tax profits of £3.57m for the 15 months to March 31, compared with £130,000 in the year to December 31 1985 after a strong all-round trading performance.

Turnover rose from £14.73m to £35.1m. Activity in all divisions was significantly ahead of the same period last year, said directors, and order levels were encouraging.

Dwek acquired QA Furniture and Lewing in March 1985, and Symphony International in January this year, and confirmed its acquisitions policy as part of its drive to increase group earnings.

QA increased its product retailing through MFI, Lewing further strengthened its trading relationships with Adidas and other leisurewear brands and M and N Dwek continued to broaden the range of industries it serves. Symphony met its targets and its results were consolidated with those of the rest of the group.

After tax of £1.27m, compared with a £12,000 credit, undiluted earnings per share came to 13.17p (1.69p) and diluted eps to 11.18p (1.24p). A final dividend of 0.5p makes 4p for the year, including an interim dividend of 1.5p and a second interim of 2p.

An extraordinary credit of £1.7m (debit £63,000) was made up of the surplus on the disposal of the industrial plastics division £1.92m (nil), profit on the sale of shares in a quoted company £33,000 (nil), a surplus on rationalisation and disposal of subsidiaries £5,000 (£63,000 debit) and the cost of acquiring subsidiaries £259,000 (nil).

The board had worked closely with Dwek's enlarged management team to exploit existing and new brand names, it said, and the benefits of this would provide opportunities for the group in the future.

● comment

Dwek's figures were comfortably above its forecast and the shares greeted them with a 10½p rise to 151p. The largest single contributor to the results was Symphony, bought only at the beginning of the year but included on a merger accounting basis. That provided £2.2m. The two acquisitions of March 1986 provided much of the rest, with QA turning £850,000 and Lewing £500,000. Dwek has undergone something of a transformation over the last year-and-a-half, from a sleepy family company consisting of a rag-bag of assorted businesses to a manufacturer of consumer products with only 20 per cent of its shares left in the family's hands. Where it goes from here is not exactly clear: the management remains essentially the same and the track record does not inspire, but there does seem to be a clearer sense of direction than has been evident in the past. A repetition of the 15-month figures in the current 12-month period would produce a prospective p/e ratio of 13½—surprisingly sane for a one-time penny stock.

Leda gets go-ahead for capital restructuring and £25m rights

BY CLAY HARRIS

SHAREHOLDERS in Leda Investment Trust have approved a capital restructuring and rights issue which will create a £42m fund specialising in smaller UK companies.

Leda was also renamed Grahams Rintoul Investment Trust to reflect its new management, led by Mr Peter Rintoul, who has revived the name of a former family firm after a 12-year stint at Gartmore Investments which ended in 1985.

Under the plan approved this week, Ledo capital shares will be converted into ordinary shares, and shareholders are to be offered units of one new ordinary share and two stepped preference shares at 509p. The rights issue, underwritten by American Express Bank, will raise £25m.

Leda income shares will be converted into preference shares which will be repaid at the end of next year, the original final date for the winding up of Leda.

Cash offers of 35p for income shares and 310p for capital shares (based on 99 per cent of the final formula asset value of 313.1p) were also underwritten by AEB, which has two directors on the new board.

Mr Bernard Friend, finance director of British Aerospace, has become non-executive chairman of the trust. Mr Michael Howarth, chairman of G. W. Thornton, is also joining the board.

BBA in agreed bid for Holden Hydroman

By Steven Butler

Shares of the USM-listed Holden Hydroman yesterday jumped 26 per cent on the announcement of an agreed takeover offer by BBA, the UK-based group active in automotive and general engineering, conveyor belting and industrial textiles.

The offer of 129 new ordinary shares of BBA for each 100 shares of Holden Hydroman values Holden at £10.88m based on yesterday's closing prices. The offer was worth 181p per Holden Hydroman share, which closed yesterday at 170p. BBA's market capitalisation was £406.66m.

Holden Hydroman is a Herefordshire-based plastics and aluminium fabrication company that generated pre-tax profits of £634,000 on turnover of £7.9m in the year to the end of March. It was listed on the USM in 1984.

The aluminium fabrication and forming division produces components for British Telecom, roof racks for passenger vehicles, architectural components and domestic radiators.

BBA said the acquisition would complement the activities of its Railko subsidiary, which manufactures reinforced plastic composites, the demand for which is expected to grow rapidly. BBA's greater financial resources would provide Holden Hydroman with sufficient working capital for rapid growth.

BBA owns 455,500 Holden Hydroman shares, or 11.8 per cent of the company, and has received undertakings to accept the offer that would add 67.1 per cent to its holdings. The offer is conditional on valid acceptances of over 90 per cent

APPOINTMENTS

Occidental UK president

Mr Joseph F. Snape has been appointed president of OCCIDENTAL PETROLEUM (CALEDONIA). He assumes responsibility for all aspects of the company's oil and gas activities in the UK. He will be based in London. Mr Snape joined Occidental in Aberdeen in 1975 as chief reservoir engineer after 15 years in the industry in North American, and was appointed general manager of Occidental's North Sea operations in 1981. Occidental is the operator for the Piper, Claymore and Scapa fields, the oil handling terminal at Flotta (Orkney) and the multi-functional support vessel Tharos. In addition, the company has exploration interests in the North Sea.

★

ICI has appointed Mr John Dewhurst to be manager of the acquisitions team. He has been a member of the team since its formation in 1984. Mr Dewhurst fills the post vacated by Mr David Nash who left ICI to become finance director of Cadbury Schweppes.

★

On July 1, Mr James Beattie will be stepping as chairman of JAMES BEATTIE in favour of Sir Eric Pountain, currently deputy chairman. Mr Beattie, who has been chairman since 1961, is remaining on the board until the end of the financial year when he will retire. The board has elected him honorary president from February 1 1988.

★

Following its formation, KODE COMPUTERS board will consist of: Mr Bob King, managing; Mr Ian Nickson, technical; Mr Murray Dolan, service; Mr Carlton Lowe, manufacturing; Mr Tom Meehan, operations; and Mr Tim Godwin, finance.

★

CITIBANK SAVINGS has appointed Dr Frank Abramson, executive director, personal bank. He was with The Royal Bank of Scotland as head of group marketing.

★

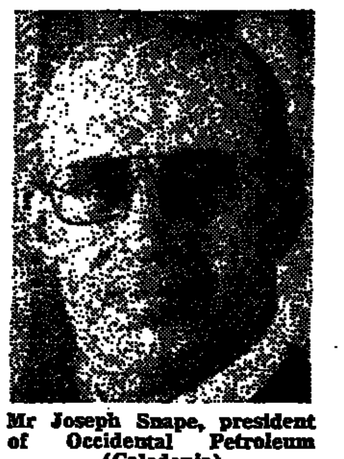
Seven directors have been appointed to the board of INVESTORS IN INDUSTRY, main operatting subsidiary of the venture capital group 3i. Six hold senior investment executive posts with 3i and the seventh, Mr Chris Woodward, joined in June 1986 as head of marketing. Mr Roger Lawson is responsible for joint ventures overseas: Mr Malcolm Gloak, Mr Graham Spooner and Mr Paul Waller each lead investment teams in different areas of London; Mr Richard Summers heads the Cambridge office; and Mr David Wilson heads the Leicester office.

★

Mr Christopher Wood has been appointed a general manager and director of RENOLD. He was with Motorola.

★

Mr William Morrison, general manager of the Scottish Life Assurance Company, has been elected president of the FACULTY of ACTUARIES, the 131-year-old professional body for actuaries in Scotland. He qualified as an actuary in 1954 and has been chairman of the Associated Scottish Life Offices and deputy chairman of the Association of British Insurers.



Mr Joseph Snape, president of Occidental Petroleum (Caledonia)

★

Mr Larry E. Snoddon, currently president of the Americas for BURSON-MARSTELLER, has been appointed to succeed the late Mr Mike Horton as president of European operations, from July 1. He will be based in the London office.

★

Mr David Drake has been appointed chief executive officer and a director of LLOYDS BANK CANADA, from his present post of regional director of Lloyds Bank, Birmingham, from June 30. He succeeds Mr David Lewis who became chief executive officer and vice chairman following the acquisition by Lloyds Bank Canada of about 90 per cent of the assets of Continental Bank of Canada in November 1986. Mr Lewis had been chief executive officer of Continental and handled the merging of the two businesses. He continues as vice chairman and director and will advise on the development of the enlarged Lloyds Bank Canada.

★

Mr John A. V. Oakes has joined WALLACE SMITH TRUST CO as a director in the corporate finance and banking department. He was a director of Chase Investment Bank.

RTZ board changes

At THE RIO TINTO-ZINC CORPORATION Mr R. J. L. Altham and Mr C. A. Gibson will be retiring from executive duties from October 1. On the same date, Lord Clitheroe will become deputy chief executive. Mr A. E. Buxton will move from finance director to succeed Mr Gibson as director of metals, and Mr D. Edwards will become industrial director. Mr I. Strachan, past manager of corporate strategy at the Exxon Corporation and currently chief financial officer at Johnson & Higgins based in New York, will join RTZ as a director on September 1, and become finance director on October 1.

★

Mr Neil Melvill, Mr Geoffrey Knight and Mr Hugh Kilgour are to be executive directors in the corporate finance department of STANDARD CHARTERED MERCHANT BANK. Mr Knight and Mr Kilgour were directors of Henry Ansbacher & Co.

★

Dr R. J. Leaper has been appointed chairman and chief executive of NM SCHRODER FINANCIAL MANAGEMENT and Mr R. W. Taylor becomes managing director; Mr D. J. Stewart becomes sales and marketing director, Mr N. R. Dunseath, finance and ooerations director, and Mr C. H. Starr, investments director.

★

Mr David Knechtli, a main board director of JARDINE INSURANCE BROKERS GROUP and chairman of Lloyd's broker Jardine Glanvill, has been appointed non-executive chairman of Jardine Insurance Brokers, the company responsible for all the group's retail insurance broking activities in the UK.

★

BRITISH RAIL has appointed Mr Michael Powell as assistant director (development) at the Railway Technical Centre, Derby. He succeeds Mr Peter Law, who has retired.

★

INTER INNOVATION, UK arm of the Swedish cash dispensing/banking systems group, has appointed Mr Owen Martin as sales and marketing director. He was sales and marketing manager.

★

EUROPEAN CELLARS, jointly owned by Allied-Lyons and Whitbread, has appointed Mr Eric Colwell as chairman of European Cellars (Holdings), and of J. R. Phillips and Co from August 3. He retires as a director of Allied-Lyons in July.

Company Notice

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John MacGregor — harsh realities for farmers

MacGregor pulls no punches

By John Cherrington

THE MANY farmers who listened to the report of the Economic Development Council (Agriculture) in Southampton yesterday heard little to their advantage.

The report itself—Directions for Change—underlined the difficulties facing farming worldwide with overproduction and dumping on every market which added to the budgetary cost of every developed country. It is not solely an EEC problem.

Most farmers are familiar with these problems but they would like guidance on how to overcome them and none of the speakers was sufficiently positive to give them a real lead.

Mr John MacGregor, Britain's new Minister of Agriculture, pulled no punches. "I would be doing our farmers no service," he said, "if I were to kid them that we in the Council of Ministers will be able to avoid coming to terms with the harsh realities of agriculture surpluses and overspending.

"Our aim must be agricultural reforms worldwide to bring production and support back to more realistic levels while ensuring a decent standard of living for all in farming."

He then went on to speak of the opportunities for farmers to diversify their land and their enterprises into lower input farming and thus reduce yields. The environmentally sensitive areas will be extended, he said.

These proposals have already attracted about three quarters of the land area designated. Farm forestry will be encouraged by grants as will the provision of rural industry.

This sounds all very well but farmers would like to hear just how much the assistance will amount to. Many farms carry high fixed costs quite apart from the actual cost of producing a tonne of grain and so on.

Will the compensation cover these costs as well?

When asked if, as milk quotas had proved acceptable to farmers, he would favour the same principle being applied to taking land out of production compulsorily, the minister refused to be drawn.

It seems to me that what is needed is either a much more vigorous policy of diversification of land use or one of absolute laissez faire where only the most able survive, and these are not necessarily the best farmers.

This is what happened after 1879 and 1921. It reduced farm output and caused rural devastation. But much of this resulted in the beauties of the environmentally sensitive areas we are seeking to re-create and it did not cost the state any money.

LME elects Refco to ring-dealing membership

BY RICHARD MOONEY

REFCO, one of the world's largest commodity traders, has been elected to ring-dealing membership of the London Metal Exchange at the second attempt.

The Chicago-based company, which was already an associate member of the exchange, originally applied for full membership when it decided to take over the LME trading activities of Wilson, Smithet and Cope, an active exchange member. But that application was turned down by the LME Board and committee at the end of April.

No reason for the rejection was given but it was rumoured in the market at the time that Board and committee members had been concerned about two traders who had been criticised by a High Court judge for their alleged roles in a metals trading case.

One was Mr Bill Boyes, who worked as a consultant for Refco Overseas, the company's London subsidiary, but left at the beginning of May. The other, Mr Chris Smith, was, and still is, a leading trader at Wilson Smithet.

The case resulted in Mr Justice Hobhouse ordering ACLI, a US-owned trading company, to pay £50m to Metall and Rohstoff of Switzerland, part of Associated Metals and Minerals Corporation. He ruled that the Swiss company had been defrauded by Mr Rainer Glaser, its chief aluminium trader. ACLI is appealing against the decision.

Mr Smith and Mr Boyes both worked for ACLI at the time. The judge said he considered that Mr Smith was "throughout involved in dishonesties that took place in the dealing." Of Mr Boyes he said "the inference must be drawn that he was willing to act dishonestly at the material times in 1982 and 1983."

Neither Refco nor the LME offered any explanation yesterday as to why Board and committee members should have changed their minds on the question of Refco's membership.

"We do not know why our original application was rejected," said Mr Frank Johnston, managing director of Refco Overseas. "The LME ballot was secret."

Mr Mike Brown, the LME chief executive, said simply that he was "delighted" that Refco had been elected to full membership. He said 75 per cent of the members had voted in favour.

SA gold unrest played down

BY STEFAN WAGSTYL IN VENICE

FT CONFERENCE

Gold

A LEADING figure in the South African gold mining industry yesterday denied that strikes by black workers had seriously disrupted production.

Mr Tom Main, assistant general manager of the Chamber of Mines of South Africa, the gold mining employers' federation, told an industry conference that even though the number of stoppages had increased last year to 173, the amount of output lost was small in comparison with total production of 640 tonnes.

He later estimated that the losses were probably on the same scale as in 1985 when they had totalled som five tonnes. In his speech to the conference, organised by the Financial Times, Mr Main said that the industry was nevertheless concerned about the losses. "The past year has been characterised by an increase in industrial action and unrest," he said.

Mr Main estimated that annual South African production would edge upwards in the next five years to some 670 tonnes, thanks to the expansion of existing mines and the development of new ones.

Capital spending on existing mines alone would total about US$4bn over the four years 1985-88, which compared with a total of $2.2bn which the industry planned to spend in the US, Canada and Australia, as estimated by an earlier speaker.

Mr Main was considerably more optimistic about the future of the gold price than he has been in previous years.

The outlook for the gold price is favourable given the declining dollar, fears of rising inflation and the uncertain nature of the international financial system. "The prospects for gold have not been so buoyant since 1980," said Mr Main.

Dr Kombo Moyana, governor of the Reserve Bank of Zimbabwe, told the conference that the country's gold output could rise from 15 tonnes a year now to 20 tonnes in three to five years. International mining companies had stepped up their exploration programmes recently, with encouragement from the Government.

Mr Don Mackay-Coghill, chief executive officer of Gold-Corp Australia, the Western Australian government's marketing body, estimated that Australian output would continue to rise from 100 tonnes this year to 130 tonnes in 1988.

Ivory Coast minister in coffee talks with Colombia

BY PETER BLACKBURN IN ABIDJAN

DR DENIS BRA KANON, the Ivory Coast Agriculture Minister and spokesman of the 25-member Inter-African Coffee Organisation was having talks with Colombia, the world's second largest coffee producer, in Bogota today to prepare a common producers' front concerning the restoration of export quotas.

He was mandated by a special IACO meeting in Abidjan, the Ivorian capital, last month to contact all groups concerned in the quota talks which collapsed last February.

"There has been a cooling off period since the London meeting. It is now time to create the political will for a common producers' front," Mr Arega Worku, the IACO secretary general, said in Abidjan on Monday.

A plenary producers' meeting is planned for just before the next session of the executive committee of the International Coffee Organisation on July 20-24.

Dr Bra Kanon may also visit Brazil and the US, respectively the world's largest coffee producer and consumer. A visit is also planned to the EC.

According to Mr Worku the group of eight "dissident" producers no longer exists, thus improving prospects of an agreement on quotas before the September 30 deadline.

Fishmeal output down

FISHMEAL PRODUCTION in major producing countries—Chile, Peru, Norway, Iceland and Denmark—fell by almost 20 per cent to 268,000 tonnes in April compared with the year ago figure, reports Reuter from Hamburg. Most of the decline was in Chile and was due to the effects of the El Niño (a warm sea current), the newsletter Oil World said.

Fishmeal exports, however, rose sharply to a combined 255,000 tonnes from 192,000 in April yast year. Of that total Chile exported 130,100 and Peru 81,000 tonnes.

Consequently, stocks have been declining and at the start of this month amounted to an estimated 500,000 tonnes compared with 596,000 at the start of the year.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,350-2,390 (2,360-2,410).

BISMUTH: European free market, min 99.9 per cent, $ per lb, tonne lots in warehouse, 3.00-3.10 (3.10-3.20).

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 1.55-1.60 (1.53-1.60), sticks, 1.55-1.60 (1.53-1.60).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.65-6.85 (6.65-6.90).

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse, 250-260 (255-265).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.65-2.72 (2.68-2.75).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 5.60-6.10 (same).

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif, 48-55 (same).

VANADIUM: European free market, min 98 per cent V_2O_5, other sources, $ per lb V_2O_5, cif, 2.60-2.65 (2.55-2.60).

URANIUM: Nuexco exchange value, $ per lb U_3O_8, 17.00 (same).

Credit freeze hits Filipino farmers

BY RICHARD GOURLAY IN MANILA

MANY OF the Philippines' largest banks have temporarily stopped making argicultural loans because they are uncertain how their collateral will be affected by a proposed new land reform that President Corazon Aquino says she will approve shortly.

The temporary freeze is hitting a lot more than the sugar planters, who will eventually be the target of the programme to redistribute land to landless farm workers. It has also started to restrict credit to the rapidly expanding prawn industry which the Government holds up as an example of an industry into which sugar planters should be diversifying.

The temporary credit freeze was imposed by most banks in early June. It comes amid an an intense debate over whether sugar and coconut lands should be covered in the land reform programme.

Mrs Aquino has promised to approve a land reform programme by decree before she loses her power to legislate by fiat to a newly elected Congress on July 27. However, the top-level cabinet committee that is looking exclusively at land reform has not agreed what lands it should cover or how to finance it.

Prawn cultivation has been growing rapidly, especially in Negros, where a monocrop culture based on sugar has grown up. In 1986 the Philippines exported over $103m worth of prawns, mainly to Japan, up from $63m in the previous year.

In contrast, last year the country exported $87m worth of sugar, down from $169m in 1985. Nevertheless entire communities and, in the case of Negros, almost an entire island, remain dependent on sugar for jobs.

The bank freeze is effectively limiting loans to farmers who can offer assets other than land as collateral. This could further reduce sugar yields during the growing season because farmers will be forced to cut back on fertiliser use.

Early drafts of the land reform programme suggested that all farm land would be split, leaving landlords with a maximum of seven hectares. Following recent discussions, however, it is now suggested that some exclusions may be made for sugar and coconut estates and for agribusiness ventures so as to avoid damaging productivity.

The credit freeze could well continue beyond Mrs Aquino's decree next month. Some observers believe it will only signal general directions to the new Congress on the form of the sugar and coconut land reform. Congress would then be left to decide the details.

Green Revolution man wins World Food prize

BY WILLIAM HALL IN NEW YORK

DR M. S. SWAMINATHAN, the director general of the International Rice Research Institute in the Philippines, is the first recipient of a prestigious new prize for the individual judged to have made the greatest single contribution to improving the world's food supply.

The 61-year-old Indian agricultural scientist was chosen from a list of 74 nominees from 22 countries to receive the $200,000 General Foods World Food Prize, which will be awarded annually to recognise contributions to the improvement of the quality, quantity and availability of the world food supply.

Dr Swaminathan, who was born in a small village in Southern India and earned his PhD in genetics from Cambridge University in 1952, is known as the architect of India's Green Revolution. He introduced semi-dwarf wheat to avoid the problems encountered when native varieties toppled over following fertiliser - stimulated growth.

His other achievements include: the improvement of India's system of preparedness to avert agricultural disasters; the creation of a training programme for India's rural illiterates; and research, conducted at the University of Wisconsin, that led to the development of a potato variety known as Alaska Frostless.

Mr A. S. Clausi, the chairman of the council of advisors for the General Foods prize, said, in a televised press conference linking New York and the Philippines, that Dr Swaminathan's efforts to improve production of rice and wheat in India, Pakistan and elsewhere had "saved years of time, millions of lives and helped launch the Green Revolution in this region."

General Foods is a major US food company which was acquired by Philip Morris for $5.7bn in October 1985 as part of an effort to diversify outside its traditional tobacco business.

Mr James L. Ferguson, the chairman of General Food's executive committee, said that the company's food prize would not solve the problems of world food but he hoped that it would serve as a catalyst to stimulate interest, develop knowledge and encourage international cooperation in the pursuit of solutions.

LONDON MARKETS

A FIRMER - than - expected tone in the New York copper market lent strength to the LME market yesterday and the cash Grade A position ended the day £12.50 up at £972 a tonne—wiping out most of the fall accumulated over the preceding three trading days. Dealers said the rise had actually been inhibited somewhat because of an upturn in sterling against the dollar. Market fundamentals remained basically constructive, dealers said, with concern about nearby supply tightness encouraging a widening of the cash premium over three months metal from £4.75 to £9.25 a tonne. In contrast the LME zinc market ended the day lower, with the cash position £6.50 down at £527.50 a tonne and the cash premium narrowin from £14.50 to £10 a tonne. Sterling's rally was an influence in zinc's fall, traders said, and the market was nervously awaiting news of Monday's vote on a new pay contract by Noranda's New Brunswick miners.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial (close p.m.) $ per tonne	+ or —	High/Low
Cash	—	—	—
3 months	1557-70	-7.5	1568/1554

Official closing (am): Cash —— (——): three months 1560-2 (1573-8); settlement —— (——). Final Kerb Close: 1566-70. Turnover: 625 tonnes.

99.5% purity	£ per tonne		
Cash	918-20	-15	—
3 months	909.5-10	-10.75	911/906.5

Official closing (am): Cash 915-7 (926.5-7): three months 906-6.5 (913-3.5); settlement 917 (927). Final Kerb Close: 909-9.5. Turnover: 14,850 tonnes.

COPPER

Grade A	Unoffic'l close £ per tonne	+ or —	High/Low
Cash	971.5-2.5	+12.5	971/969
3 months	962.5-3	+8	963/955

Official closing (am): Cash 970-1 (955-6); three months 960-1 (948-9): settlement 971 (956). Final Kerb Close: 962-3.

Standard			
Cash	966.5-71.5	+11.5	—
3 months	947-52	+7	—

Official closing (am): Cash 965-70 (945-50): three months 945-50 (930-4): settlement 970 (950). US Producer prices 71.10-76.625 cents per pound. Total turnover: 78,450 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	376-8	-1	375
3 months	361-2	-0.75	364/361

Official closing (am): Cash 374-5 (378-9): three months 361-2 (361-2); settlement 375 (379). Final Kerb Close: 361-2. Turnover: 8,725 tonnes. US. Spot: 24-37 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2800-10	-17.5	2815
3 months	2845-50	-10	2870/2845

Official closing (am): Cash 2818-23 (2800-15); three months 2860-1 (2852-5) 6.5); settlement 528 (536). Final Kerb Close: 2845-50. Turnover: 816 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	527-8	-6.5	527
3 months	517-8	-2	520/517

Official closing (am): Cash 527-8 (535-6); three months 519.5-20 (516-6.5): settlement 528 (536). Final Kerb Close: 517-8. Turnover: 13,250 tonnes. US Prime Western: 47.50-48.50 cents per pound.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.	Puts Nov.
Aluminium 99.7%	—	—	—

		Calls July	Calls Sept.	Puts July	Puts Sept.
Aluminium 99.5%	1,425	—	—	7	30
	1,450	48	44	12½	48
	1,475	32	34½	—	—
Copper (Grade A)	1,500	—	—	10	27
	1,525	37	48	20	41
	1,550	26	38	—	—
Copper (Grade A) £/tonne	925	—	—	3	12
	950	30½	34½	10	23
	975	14½	20½	—	—

Estimates.

TIN

KUALA LUMPUR TIN MARKET: Close 16.54 (16.50) ringgit per kg. Up 0.04 ringgit per kg.

GOLD

GOLD BULLION (fine ounce)		June 23
Close	$440-440½	(£275¼-275¾)
Opening	$437¾-438¼	(£274¼-274¾)
M'n'g fix	$438.10	(£275.823)
Aft'n'n fix	$440.20	(£276.297)
Day's high	—	
Day's low	—	

GOLD AND PLATINUM COINS

Am Eagle	$452-457	(£282½-285½)
Mapleleaf	$451½-454½	(£282¼-284¼)
Kr'g'r'nd	$439-442	(£274½-276¼)
½ Krug	$229½-230½	(£143½-144)
¼ Krug	$115-116	(£72-72½)
Angel	$447½-450½	(£279¾-281¾)
1/10 Angel	$43½-48½	(£27¼-30¼)
New Sov	$103-104	(£64½-65)
Old Sov	$103-104½	(£64½-65¼)
Noble Plat	$568-578	(£355-361¼)

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets: GB—Cattle 98.07p per kg lw (−1.40): GB—Sheep 180.78p per kg est dcw (−25.41): GB—Pigs 77.45p per kg lw (−7.55).

Earlies: Pigs—June 100.30; Aug 96.50; Oct 102.70; Nov 103.30. Sales: 31.

INDICES

REUTERS

June 19	June 22	M'th ago	Year ago
1599.4	1608.2	—	—

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	June 19	June 22	M'th ago	Year ago
Spot	128.37	126.66	—	126.56
Fut	125.28	122.78	—	114.09

(Base: December 31 1931 = 100)

MAIN PRICE CHANGES

	June 23 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1560/380	-30	$1520/340
Copper			
Cash Grade A	£972	+12.5	£918.5
3 months	£962.75	+8.00	£896.5
Gold Troy oz	$440.25	+2.25	$455.25
Lead Cash	£377	-1	£397.5
3 months	£361.5	-0.75	£375.12
Nickel			
Free Mkt	204/224c		194/214c
Palladium oz	$136.00		$147.50
Platinum oz	$549.00	-3.00	$603.00
Quicksilver†	$240/250		$260/270
Silver troy oz	425.00p	-10.05	534.95p
3 months	434.80p	-10.15	546.40p
Tin			
free Mkt	£4170/200	+10	£4120/140
Tungsten	$58.18		$51.47
Wolfram 22.05lb	$48/55		$48/55
Zinc	£527.5	-6.5	£495.5
3 months	£517.5	-2.0	£490.5
producers	$860		$790/840
OILS			
Coconut (Phil)	$505z		$420.5
Palm Malayan	‡		$347.5
Seeds			
Copra (Phil)	$295y		$285
Soyabean (U.S.)	$153.5	-6.0	$149.5
GRAINS			
Barley Fut. Sept	£95.85	+0.05	£97.90
Maize	£155.00		£149.00
Wheat Fut. Sept	£99.45	+0.55	£121.75
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Sept	£1308	+16.5	£1259
Coffee Ft. Sept	£1269.5	+27.0	£1362.5
Cotton A Ind.*	80.05c	-0.80	79.70c
Gas Oil Aug.	$155.75	-2.75	$154.5
Rubber (kilo)	64.75p	+2.50	62.75p
Sugar (raw)	$171.40x	+0.6	$178.5
Wooltops 64s	470p kilo		485p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. v July. z Sept/Oct. x July/Aug. y Aug.

SILVER

Silver was fixed 10.05p an ounce lower for spot delivery in the London bullion market yesterday at 425p. US cent equivalents of the fixing levels were: spot 676c, down 24c: three-month 688.1c, down 24.4c; six-month 701c, down 24.25c; and 12-month 726c, down 25.9c. The metal opened at 422-425p (674-678c) and closed at 426-429p (682-686c).

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	425.00p	-10.0	433p	+7
3 months	434.80p	-10.1	442p	+7
6 months	444.90p	-10.1	—	—
12 months	463.55p	-11.1	—	—

LME—Turnover: 0 (0) lots of 10,000 oz.

Final kerb 440-43.

RUBBER

PHYSICALS — The London market opened about unchanged, saw very little interest throughout the day and closed quiet, reports Lewis and Peat.fl Closing prices (buyers): Spot 64.75p (62.25p); July 65.00 (62.25p); Aug 65.00p (62.00p). Kuala Lumpur fob prices (Malaysian/Singapore cents) per kg: RSS No 1 245½ (246); SMR 20 210½ (211).

COFFEE

Reports of colder weather moving into Brazilian coffee areas prompted some profit-taking and commission house short-covering, closing the market towards session highs, reports Drexel Burnham Lambert.

COFFEE	Yesterday close	+ or —	Business done
July	1252-1254	+32.0	1253-1215
Sept	1269-1270	+27.0	1275-1237
Nov	1294-1296	+33.5	1298-1256
Jan	1314-1316	+29.5	1315-1280
Mar	1330-1340	+22.5	1332-1310
May	1330-1350	+20.0	1350-1325
July	1360-1399	+35.0	—

Sales: 4,171 (4,100) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for June 22. Comp. daily 1979 95.88 (97.72); 15-day average 102.79 (103.54).

COCOA

Prices moved sharply higher today following adverse reports of both West African and South American weather patterns in the cocoa growing areas. Consumers declined to pursue the rise but producers took advantage of the rally and were fairly active scale up sellers, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or —	Business done
July	1318-1319	+13.0	1323-1308
Sept	1305-1307	+16.5	1320-1286
Dec	1330-1332	+14.5	1344-1318
March	1348-1349	+13.0	1364-1336
May	1365-1368	+11.5	1379-1355
July	1383-1386	+13.0	1399-1373
Sept	1400-1403	+14.0	1415-1404

Sales: 6106 (6049) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for June 23 1600.69 (1571.10): 10-day average for June 24 1545.82 (1536.87).

FREIGHT FUTURES

Dry Cargo June 22

	Close	High/Low	Prev.
July	820	830/820	836
Oct.	896	910/894	920/930
Jan.	908	910/900	918/930
Apr.	975	—	970
July	820	—	823
Oct.	875	—	875
Jan.	860	—	910
April	—	—	1060
BFI.	929	—	938

Turnover: 301 (226).

GRAINS

Old crop wheat found aggressive short covering, with intermittent shipper long liquidation but, steady trend prevailed and the market closed just off the highs with buyers. New crops, after early losses, steadied sharply to take out commission house selling and finish also steady with few offers, reports T. G. Roddick.

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
July	120.05	+1.15	—	—
Sep.	99.45	+0.55	95.85	+0.05
Nov.	101.70	+0.55	98.70	+0.05
Jan.	104.25	+0.55	101.45	+0.40
Mar.	106.60	+0.55	103.50	+0.35
May	109.25	+0.55	105.60	+0.35
July	111.25	+0.40	—	—

Business done—Wheat: July 120.10-9.25, Sept 99.45-8.90, Nov 101.70-0.90, Jan 104.25-3.60, Mar 106.60-6.25, May 109.25-8.95. Sales: 325 lots of 100 tonnes. Barley: Sept 95.85-5.80, Nov 98.90-8.65, Jan 101.15 only, Mar untraded, May 105.00 only. Sales: 34 lots of 100 tonnes.

LONDON GRAINS — Wheat: dark Northern spring No 2 14 per cent July 94.50, Aug 94.75, Sept 95.00, Oct 96.50; US No 2 soft red winter July 85.50, Aug 87.00, Sept 88.50; French 11½-12 per cent June 143.00; English feed fob Sept 100.50 buyer, Oct 102.00-102.50, Nov 104.00-104.50, Jan-March 108.50-109.00 buyer/sellers, April-June 112.75 buyer. Maize: US No 3 yellow/French transhipment East Coast spot 155.00. Barley: English feed fob Aug 97.00, Sept 99.00 seller, Oct-Dec 102.00-103.00, Jan-March 106.50-107.00 buyer/seller. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: W. Mids 102.10. The UK monetary coefficient for the week begining Monday June 29 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

POTATOES

Prospect of improved weather conditions towards weekend together with indications of a nervous earlies physical market as additional growing areas come on stream, resulted in weaker futures today. Values opened £1.00 down and tumbled throughout the morning, hitting stop-loss selling orders on the way at around £130.00 basis April position. This quickly trimmed another £1.50 off prices before day-end booksquaring caused 70p bounce for the close. Tone remaining weak, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business done
Nov	90.50	93.60	92.50-90.50
Feb	101.50	103.00	—
Apr	129.20	132.90	131.50-128.50
May	141.50	145.60	143.00-141.50

Sales: 635 (424) lots of 40 tonnes.

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—July		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.20-17.30	-0.025
Brent Blend	18.85-18.90	-0.225
W.T.I. (1pm est)	20.35-20.45	-0.375
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	195-196	-1
Gas Oil	154-156	-1
Heavy fuel Oil	105-108	-0.5
Naphtha	169-171	—

Petroleum Argus estimates.

US MARKETS

THE PRECIOUS METALS continued to follow the fortunes of the US Dollar, reports Drexel Burnham Lambert. Today's recovery in prices reflected the easier US currency and light profit taking by the trade and commission houses in trading sessions dominated by local activity. Copper firmed on fund buying in a market featuring switch activity. Crude oil firmed in early trading as the market reacted to yesterday's sell-off, but trade selling touched-off commission house stops to ease prices before trade buying and local short-covering rallied prices back to the highs where the trade were once again sellers. Cocoa steadied on commission house buying despite trade selling. Coffee firmed on commission house, light trade and local buying and stops.

Cotton rallied as commission houses continued to liquidate the July, buying forward contracts, despite trade selling. In the soyabean products, meal firmed on reports of further interest by the USSR in South American, oil on reports of buying interest by Pakistan, and both as a result of higher prices in Europe. This gave support to the soyabean market, which also firmed as cash prices reflected negligible export activity. Corn rallied on commercial buying reflecting sales to Mexico and South Korea, cash premiums were firm, and despite professional selling. All the grains were steady as rains eased and influenced by outside markets. Cattle steadied as the market continued to narrow the gap between cash and futures, and reflecting lower-than-expected feeder cattle supplies. Pork bellies eased reflecting lower cash prices, but in hogs, the extreme discount on futures to cash prevented a decline.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	Prev	High	Low
June	71.40	72.75	—	—
July	71.40	72.75	72.40	71.35
Aug	71.00	71.85	—	—
Sept	70.75	71.60	71.20	71.00
Dec	70.00	70.75	—	—
Jan	70.00	70.75	—	—
March	70.00	70.75	—	—
May	70.00	70.75	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
Jul	1936	1915	1946	1932
Sept	1947	1928	1959	1942
Dec	1961	1942	1974	1957
March	1990	1973	2001	1991
May	2018	2000	—	—
July	2038	2028	—	—
Sept	2065	2049	2075	2065

COFFEE "C" 37,500 lbs, cents/lb

	Close	Prev	High	Low
July	106.13	102.26	106.25	102.75
Sept	107.48	103.82	107.60	105.00
Dec	109.85	106.33	110.00	107.75
March	112.00	109.00	112.25	110.50
May	114.00	110.50	114.00	112.75
July	115.80	112.50	116.00	115.00
Sept	114.26	115.33	—	—

COPPER 25,000 lbs, cents/lb

	Close	Prev	High	Low
June	68.80	68.10	68.95	68.95
July	68.90	68.10	69.20	68.15
Aug	68.75	67.95	—	—
Sept	68.65	67.80	68.80	67.80
Dec	68.00	67.25	68.20	67.25
Jan	67.90	67.15	—	—
March	67.70	66.95	67.80	67.35
May	67.75	67.00	67.90	67.90
July	67.80	67.05	68.25	68.25
Sept	67.85	67.10	—	—
Dec	68.10	67.35	—	—
Jan	68.15	67.40	—	—
March	68.35	67.60	—	—

COTTON 50,000 lbs, cents/lb

	Latest	Prev	High	Low
July	74.50	74.40	76.10	72.50
Oct	71.50	70.87	72.60	70.87
Dec	69.85	69.37	70.75	69.40
March	70.50	70.12	71.32	69.70
May	71.60	70.47	71.60	70.40
July		71.01	71.00	71.00
Oct	66.30	65.75	66.15	65.75

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
July	51.40	51.18	51.65	50.50
Aug	51.70	51.55	52.05	50.90
Sept	52.50	52.25	52.80	51.65
Oct	53.10	52.95	53.50	52.60
Nov	54.00	53.60	54.15	53.50
Dec	54.65	54.26	54.80	54.00

ORANGE JUICE 15,000 lbs, cents/lb

	Close	Prev	High	Low
July	134.85	134.30	135.10	133.90
Sept	125.55	125.95	125.95	124.65
Nov	120.85	122.00	121.50	120.60
Jan	119.80	120.80	120.50	119.50
March	119.25	120.10	120.20	119.40
May	119.25	120.10	—	—
July	119.25	120.10	—	—

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
Aug	19.62	19.56	19.69	19.56
Sept	19.34	19.31	19.41	19.12
Oct	19.22	19.17	19.28	19.00
Nov	19.16	19.09	19.20	18.91
Dec	19.09	19.01	19.13	18.90
Jan	19.05	18.96	19.07	19.00
Feb	19.02	18.91	19.02	18.95
March	19.00	18.86	19.00	19.00
April	19.00	18.81	19.00	19.00
July	20.48	20.66	20.95	20.20

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
June	440.4	437.4	441.5	438.0
July	441.4	437.7	—	—
Aug	443.8	440.8	445.5	441.8
Oct	448.9	445.8	450.8	444.5
Dec	454.0	450.8	455.3	450.0
Feb	459.4	456.1	460.0	456.5
April	464.8	461.5	464.9	463.0
June	470.3	467.1	470.5	468.0
Aug	476.2	473.0	476.0	474.0
Oct	482.2	479.0	481.6	480.5
Dec	488.2	485.0	488.0	483.0
Feb	494.3	491.1	493.5	492.5

PLATINUM 50 troy oz, $/troy oz

	Latest	Prev	High	Low
June	—	579.8	—	—
July	549.0	552.0	554.5	543.5
Aug	—	581.6	—	—
Oct	556.0	559.8	561.5	551.0
Jan	562.0	567.6	568.0	561.5
April	576.0	574.7	575.0	565.0
July	581.0	582.0	582.0	575.0

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
June	688.7	671.0	—	—
July	689.5	672.0	700.0	664.0
Aug	694.0	676.5	—	—
Sept	698.8	681.1	710.0	673.0
Dec	712.1	694.3	723.0	687.0
Jan	716.5	698.7	—	—
March	725.6	707.8	729.0	708.0
May	735.2	716.9	740.0	718.0
July	745.0	726.5	742.0	725.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
July	6.62	6.52	6.65	6.58
Sept	6.75	6.74	6.90	6.75
Oct	6.94	6.95	7.01	6.93
Jan	7.18	7.21	—	—
March	7.39	7.38	7.46	7.38
May	7.53	7.52	7.65	7.53
July	7.64	7.63	7.74	7.65
Oct	7.82	7.81	7.83	7.83

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
August	64.77	64.25	64.80	64.20
Oct	62.17	61.90	62.27	61.85
Dec	64.05	63.70	64.10	63.70
Feb	64.77	64.40	64.87	64.45
April	66.22	65.05	65.30	64.85
June	64.50	64.05	64.70	64.37
August	64.00	—	63.80	—

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
July	58.70	58.50	59.10	58.17
August	54.07	53.57	54.30	53.35
Oct	45.72	44.90	45.75	44.90
Dec	46.45	44.82	45.50	44.75
Feb	43.50	43.20	43.97	43.30
April	41.05	40.90	41.30	40.90
June	42.65	42.70	42.65	42.20
July	42.75	42.90	43.25	42.75
August	42.40	42.40	—	42.00

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	Prev	High	Low
July	187.6	182.6	188.6	183.2
Sept	193.4	188.4	193.6	188.0
Dec	199.2	196.4	199.6	196.0
March	206.4	204.0	206.4	203.4
May	209.0	207.0	209.6	206.4
July	210.2	208.0	211.2	208.0
Sept	208.0	206.0	—	—

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
July	77.72	77.12	77.90	76.32
August	74.85	73.92	75.00	73.25
Feb	60.95	60.60	61.50	60.65
March	60.10	60.07	61.30	60.10
May	62.20	62.00	62.20	61.20

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
July	543.6	534.0	544.4	536.0
August	548.2	538.6	548.6	540.2
Sept	551.2	544.2	552.4	545.4
Nov	559.6	552.4	561.0	552.0
Jan	568.4	562.0	570.0	562.0
March	576.8	570.0	578.4	571.0
May	585.0	579.0	585.0	579.8
July	585.4	580.0	589.0	581.0
August	581.4	576.0	—	—

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
July	170.6	168.1	170.7	168.5
August	169.2	167.3	169.6	167.2
Sept	169.7	168.0	169.9	166.6
Oct	169.2	168.2	170.0	167.4
Dec	171.7	170.2	172.8	168.5
Jan	172.7	171.0	173.0	169.5
March	176.0	174.0	176.0	172.5
May	175.0	173.0	175.0	174.0
July	176.5	173.5	176.0	177.0
August	176.5	173.0	176.0	177.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
July	16.30	15.94	16.32	16.00
August	16.49	16.17	16.50	16.20
Sept	16.65	16.32	16.70	16.35
Oct	16.85	16.53	16.85	16.60
Dec	17.13	16.80	17.20	16.85
Jan	17.28	16.90	17.35	17.05
March	17.62	17.27	17.65	17.50
May	17.75	17.50	17.75	17.75
July	18.07	17.80	18.10	18.05

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
July	262.6	260.4	263.4	260.2
Sept	268.2	266.4	269.4	266.4
Dec	277.4	275.8	278.0	275.4
March	280.0	277.0	280.6	277.4
May	274.4	272.4	275.4	273.0
July	263.4	262.4	266.6	263.4

SPOT PRICES: Chicago loose lard 15.50 (15.00) cents per pound. Handy and Harman silver bullion 698.00 (684.50) cents per troy ounce. New York tin —— (308-14) cents per pound.

COTTON

LIVERPOOL — Spot and shipment sales for the week commencing June 15 amounted to 622 tonnes against 712 tonnes in the previous week. Slow trading persisted with interest in Colombian, Israeli, Spanish and West African varieties.

SOYABEAN MEAL

	Yesterd'ys close £ per tonne	+ or —	Business done
June			—
August	150.5-151.5	-1.00	—
October	150.0-150.5	-1.50	130.4-150.0
Dec	151.5-152.5	-0.75	152.0
Feb	155.5-155.5	-1.00	—
April	154.8-155.0	-0.55	—
June	154.8-156.0	-0.05	—

Sales: 167 (376) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $171.40 (£108.40), down $0.60 (up £1.40) a tonne for July-August delivery. White sugar $190.20 down $0.60.

No. 6 Contract	Yest'rdy's close $ per tonne	Previous close	Business done
Aug	160.8-160.8	160.4-150.8	161.8-158.0
Oct	155.8-155.8	155.4-155.8	156.8-155.0
Dec	160.4-161.4	159.4-160.0	—
Mar	165.0-165.4	164.6-165.4	165.2-165.0
May	168.4-169.8	167.6-168.8	168.8
Aug	171.6-172.4	171.0-172.8	—
Oct	174.4-175.0	175.0-174.4	176.4

Sales: 1784 (1978) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £212.50 (£211.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for June 22: Daily price 6.46 (6.52): 15-day average 6.42 (same).

PARIS—(FFr per tonne): Aug 1112-1118; Oct 1145-1148; Dec 1165-1180; March 1210-1215; May 1235-1250; Aug 1270-1285.

FOREIGN EXCHANGES

Pound and dollar erratic

THE DOLLAR finished little changed from Tuesday's closing levels after losing ground sharply from the day's highs. This followed rumours that the US Federal Reserve Bank had intervened to sell the dollar. Many dealers were not willing to believe this but the thought of central bank intervention brought a breath of reality into a market where previously the US unit had been improving contrary to all the economic fundamentals. The twin burden of trade and budget deficits did not warrant a higher dollar. Consequently many investors were content to take profits.

News of a 0.1 decline in durable goods orders compared with expectations of a 1.5 per cent decline and a modest 0.3 per cent increase in consumer prices were both better than expected but were ignored for the time being.

The dollar closed at DM 1.8330 from DM 1.84 and Y146.0 compared with Y145.80. Elsewhere it slipped to SFr 1.5180 *from* SFr 1.5290 and FFr 6.1175 from FFr 6.1350. On Bank of England figures, the dollar's exchange rate index rose to 102.6 from 102.5.

STERLING — Trading range against the dollar in 1987 is 1.6885 to 1.4710. May average 1.6665. Exchange rate index 71.1 against 71.8 at the *opening and Monday* night. The six-months-ago figure was 68.9.

Sterling finished slightly weaker overall but was much steadier after Monday's sharp decline. Speculators were a little more wary about running too short positions giving the *basically* favourable economic background. Considering the early strength of the dollar, ster*ling performed quite well and* regained some of its poise.

The pound closed at $1.5995 up from $1.5945 but eased to DM2.9325 from DM2.9350. Against the yen it rose to Y233.50 from Y232.50. Elsewhere it slipped to SFr 2.4275 from SFr 2.4375 but was marginally firmer against the French franc at FFr 9.7850 from FFr 9.7825.

D-MARK — Trading range against the dollar in 1987 is 1.9385 to 1.7690. May average 1.7887. Exchange rate index 146.5 against 148.6 six months ago.

The dollar was fixed at DM *1.8455 in Frankfurt up from DM* 1.8353 and there was no intervention by the Bundesbank. The US unit continued its bullish trend on support derived from chart levels. US economic data was better than expected but a sudden downturn in the afternoon was attributed to rumours that the US Federal Reserve Bank had entered the *foreign exchange market to sell* dollars.

JAPANESE YEN — Trading range against the dollar in 1987 is 159.45 to 138.35. May average 140.55. Exchange rate index 219.1 against 210.1 six months ago.

Continued demand pushed the dollar firmer against the yen in Tokyo to close at Y146.60, up from Y146.20 in New York and Y145.30 in Tokyo on Monday. Demand for the US unit was probably enhanced by a firmer US bond market but some traders reemphasised the fact that a lot of *forward dollar sales would be* triggered if the dollar rose much further and that the justification for the past two year's decline in the dollar, namely the trade and budget deficits, remained valid and would not be helped by a stronger dollar.

£ IN NEW YORK

June 23	Latest	Previous Close
£ Spot	1.6040-1.6050	1.5870-1.5880
1 month	0.26-0.25 pm	0.25-0.23 pm
3 months	*0.80-0.77 pm*	*0.83-0.79 pm*
12 months	2.51-2.41 pm	2.55-2.47 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	June 23	Previous
8.30 am	71.8	72.2
9.00 am	*71.8*	*72.3*
10.00 am	71.8	72.2
11.00 am	71.7	72.1
Noon	71.6	72.1
1.00 pm	71.7	72.2
2.00 pm	71.7	72.0
3.00 pm	71.8	71.9
4.00 pm	71.7	71.8

CURRENCY RATES

June 23	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.80062	0.706435
U.S. Dollar	5.5	1.2727	1.12676
Canadian $	7.90	*	1.50310
Austrian Sch.	4	16.4985	14.5713
Belgian Franc	7¾	48.6917	42.9635
Danish Krone	7	8.8328	7.79608
Deutsche Mark	3.0	2.3488	2.07268
Neth. Guilder	4½	N/A	2.33409
French Franc	9½	7.8375	6.92058
Italian Lira	11.5	N/A	1497.19
Japanese Yen	2½	186.65	164.958
Norway Krone	8	N/A	7.59551
Spanish Peseta	—	"	143.324
Swedish Krona	7½	"	7.21924
Swiss Franc	3.5	"	1.72192
Greek Drach.	20½	175.816	155.707
Irish Punt	—	N/A	0.773876

*C$/SDR rate for June 22: 1.70735

CURRENCY MOVEMENTS

June 23	Bank of England Index	Morgan Guaranty Changes %
Sterling	71.7	−21.9
U.S. Dollar	102.6	−4.7
Canadian Dollar	77.00	−10.7
Austrian Schilling	137.4	+10.2
Belgian Franc	99.8	−4.4
Danish Krone	92.8	+3.5
Deutsche Mark	146.5	+21.6
Swiss Franc	172.0	+22.8
Guilder	134.7	+14.4
French Franc	71.3	−12.9
Lira	47.2	−18.3
Yen	219.1	+65.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

June 23	£	$
Argentina	2.7640-2.7780	1.7310-1.7380
Australia	2.2270-2.2300	1.3960-1.3970
Brazil	67.6105-67.9915	42.3280-42.5400
Finland	7.1235-7.1360	4.4675-4.4695
Greece	218.30-222.15	136.90-139.20
Hong Kong	*12.4685-12.4810*	*7.8070-7.8080*
Iran	117.00*	71.25*
Korea (Sth)	1280.60-1294.20	808.20-814.80
Kuwait	0.45200-0.45300	0.28295-0.29305
Luxembourg	60.75-60.85	37.95-38.05
Malaysia	4.0375-4.0480	2.5285-2.5300
Mexico	2113.20-2135.35	1323.00-1336.00
N. Zealand	2.7185-2.7235	1.7065-1.7085
Saudi Ar.	5.9940-6.0000	3.7500-3.7510
Singapore	3.3880-3.3950	2.1210-2.1220
S. Af. (Cm)	3.2425-3.2645	2.0385-2.0430
S. Af. (Fn)	*5.3765-5.5640*	*3.3615-3.4785*
Taiwan	49.30-49.55	31.05-31.15
U.A.E.	5.8700-5.8760	3.6725-3.6735

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu June 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	42.9635	+1.19	+0.75	± 1.5344
Danish Krone	7.85212	7.79608	−0.71	−1.15	± 1.6404
German D-Mark	2.05853	2.07268	+0.69	+0.25	± 1.0981
French Franc	*6.90403*	*6.92058*	*+0.24*	*−0.20*	*± 1.3674*
Dutch Guilder	2.31943	2.33409	+0.63	+0.19	± 1.5012
Irish Punt	0.768411	0.773876	+0.71	+0.27	± 1.6684
Italian Lira	1483.58	1497.19	+0.92	+0.92	± 4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

June 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5880-1.6020	1.5990-1.6000	0.27-0.24c pm	1.91	0.80-0.75 pm	1.94
Canada	2.1209-2.1364	2.1330-2.1340	0.17-0.08c pm	0.70	0.48-0.34 pm	0.77
Netherlands	3.29¾-3.31½	3.29¾-3.30¾	1⅛-⅞c pm	3.63	3⅜-3 pm	3.86
Belgium	60.64-61.01	60.75-60.85	20-10c pm	2.96	50-35 pm	2.80
Denmark	11.02-11.09	11.02-11.03	Par-⅝ ore dis	−0.34	¼-1 dis	−0.23
Ireland	1.0940-1.1105	1.0940-1.0950	0.06-0.16 p dis	−1.21	0.13-0.38 dis	−0.93
W. Germany	2.92¾-2.94¼	2.92¾-2.93¾	1½-1⅜pf pm	5.12	4-3¾ pm	5.29
Portugal	228.05-230.70	229.75-230.65	106-155c dis	−6.80	331-415 dis	−6.48
Spain	202.79-203.33	203.00-203.30	50-105c dis	−4.45	150-305 dis	−4.48
Italy	2117¼-2125¼	2117½-2118½	Par-3 lire dis	−0.85	1-7 dis	−0.76
Norway	10.73¾-10.79¾	10.76¼-10.77¼	4½-5⅛ ore dis	5.36	13-13¾ dis	4.97
France	9.78-9.81¼	9.78-9.79	1-½ c pm	0.92	2⅜-1½ pm	0.79
Sweden	10.20½-10.25¾	10.22¾-10.23¾	⅝-⅛ ore pm	0.59	1⅛-⅝ pm	0.34
Japan	233-234¼	233-234	1⅛-1 y pm	5.46	3¼-2⅞ pm	5.14
Austria	20.63-20.71	20.64-20.67	9⅞-8⅛ gro pm	5.01	26⅛-23½ pm	4.81
Switzerland	2.42¼-2.44½	2.42¼-2.43¼	1-¾c pm	4.33	3⅛-2⅞ pm	4.94

Belgian rate is for convertible francs. Financial franc 60.90-61.00. Six-month forward dollar 1.36-1.31 c pm. 12-month 2.38-2.28c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

June 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	*1.5880-1.6020*	*1.5990-1.6000*	*0.27-0.24c pm*	*1.91*	*0.80-0.75 pm*	*1.94*
Ireland†	1.4503-1.4615	1.4605-1.4615	0.46-0.41c pm	3.60	1.30-1.18 cpm	3.42
Canada	1.3325-1.3345	1.3335-1.3345	0.12-0.15c dis	−1.21	0.37-0.41dis	−1.17
Netherlands	2.0610-2.0795	2.0635-2.0645	0.33-0.30c pm	1.82	0.94-0.89 pm	1.76
Belgium	37.98-38.30	37.95-38.05	4-1c pm	0.78	8-3 pm	0.58
Denmark	6.89-6.94½	6.89-6.89½	0.80-1.50ore dis	−1.99	2.90-3.60 dis	−1.87
W. Germany	1.8305-1.8490	1.8325-1.8335	0.52-0.49pf pm	3.28	1.52-1.47pm	3.24
Portugal	143-144	143-143¼	90-120c dis	−8.76	280-330 dis	−8.48
Spain	126.85-127.85	126.85-126.95	50-100c dis	−7.05	150-250 dis	−6.27
Italy	1323-1333	1323¾-1324¼	2.70-3.70lire dis	−2.88	8.00-11.00 dis	−2.85
Norway	6.73-6.76	6.73-6.73½	3.90-4.40ore dis	−7.38	11.75-12.25dis	−7.11
France	6.11½-6.15¾	6.11½-6.12	0.50-0.65c dis	−1.12	1.80-2.10 dis	−1.27
Sweden	6.39½-6.42¾	6.39½-6.40	0.65-0.95ore dis	−1.50	2.65-3.05 dis	−1.78
Japan	145.75-146.80	145.95-146.05	0.43-0.40y pm	3.39	1.18-1.13 pm	3.15
Austria	12.91-12.97¼	12.91¾-12.92¼	3.60-3.20gro pm	3.15	9.75-8.75 pm	2.85
Switzerland	1.5140-1.5355	1.5175-1.5185	0.35-0.30c pm	2.54	1.16-1.11 pm	2.96

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.05-38.15

EURO-CURRENCY INTEREST RATES

June 23	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	9-9⅛	9-9⅛	8 15/16-9 1/16	9 1/16-9 3/16	9⅛-9¼	9¼-9⅜
U.S. Dollar	6¾-6⅞	7-7⅛	6 15/16-7 1/16	7-7⅛	7 3/16-7 5/16	7 5/16-7 7/16
Can. Dollar	8-8¼	8-8¼	8-8¼	8-8¼	8-8¼	8-8¼
D. Guilder	5 3/16-5 5/16	5 3/16-5 5/16	5 3/16-5 5/16	5 3/16-5 5/16	5 3/16-5 5/16	5 3/16-5 5/16
Sw. Franc	1¾-2	11⅞-12⅛	4¼-4½	4-4⅛	3⅞-4	3⅞-4
Deutschmark	3¼-3⅜	3¾-3⅞	3 11/16-3 13/16	3 11/16-3 13/16	3 13/16-3 15/16	3 15/16-4 1/16
Fr. Franc	7⅞-8	7 15/16-8 1/16	8 5/16-8 7/16	8¼-8⅜	8½-8⅝	8⅞-9
Italian Lire	9-11	9-9¾	9½-10	9¾-10⅛	9¾-10⅛	10¼-10½
B. Fr. (Fin.)	6¼-6⅜	6½-6⅝	6⅝-6¾	6¾-6⅞	6⅞-7	7-7⅛
B. Fr. (Con.)	6-6½	6¼-6¾	6½-6⅞	6½-6⅞	6⅝-7	6⅞-7¼
Yen	3¼-3⅜	4¼-4⅜	3 15/16-4	3 15/16-4	4-4 1/16	4-4 1/16
D. Krone	9-9¼	9½-9¾	9⅛-9⅜	9¼-9½	9¼-9½	9⅝-9⅞
Asian $Sing	1½-2	N/A	4⅛-4¼	4⅛-4⅝	4½-4⅝	4⅜-4⅞

Long-term Eurodollars: Two years 8-8¼ per cent; three years 8⅜-8⅝ per cent; four years 8½-8¾ per cent; five years 8⅝-8⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

June 23	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.600	2.933	233.5	9.785	2.428	3.303	2118.	2.134	60.80
$	0.625	1.	1.833	146.0	6.118	1.518	2.064	1324.	1.334	38.00
DM	0.341	0.545	1.	79.62	3.337	0.828	1.126	722.3	0.728	20.73
YEN	4.283	6.850	12.56	1000.	41.91	10.40	14.14	9071.	9.137	260.4
F Fr.	1.022	1.635	2.997	238.6	10.	2.481	3.375	2165.	2.180	62.14
S Fr.	0.412	0.659	1.208	96.19	4.031	1.	1.360	872.5	0.879	25.05
H Fl.	0.303	0.484	0.888	70.70	2.963	0.735	1.	641.3	0.646	18.41
Lira	0.472	0.755	1.385	110.2	4.620	1.146	1.559	1000.	1.007	28.41
C $	0.469	0.750	1.375	109.4	4.586	1.138	1.548	992.7	1.	28.50
B Fr.	1.645	2.631	4.823	384.0	16.09	3.993	5.432	3484.	3.509	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Record gilts volume

LONG GILTS traded a record 57,000 lots in the London Inter*national Financial Futures* Exchange yesterday in erratic trading. This easily surpassed the previous record of 54,343 set on Manrch 26.

Early trading saw values marked sharply firmer, the riseaccelerating as short positions became squeezed. Rumours oof strong interest by Japanese investors also added to demand and from Monday night's close of 123-02 the September contract opened at 123-22 and rose sharply to 123-30. However it soon slipped back to 123-20 before advancing again *to touch a high of 124-01.*

Later in the day a slightly weaker sterling prompted heavy selling down to a low of 122-25. The price recovered a little to finish at 123-07.

Three-month sterling deposits acted in much the same way, opening at 90.84 up from 90.73 and touching a high of 90.92 before slipping away to finish at 90.87.

US Treasury bonds opened at 93-20 for September delivery and touched a high in the morning of 93-25. By lunchtime it had eased *back to 93-20 and was down to 93-*15 before news of better than expected US durable goods orders and consumer prices were announced.

These failed to have any initial impact but values rose to 93-23 before falling quite sharply as the market reacted to rumours of Federal intervention in currency markets to sell the dollar. This drove it down to a low of 93-02 before closing at 93-04.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
118	5.42	6.26	0.28	1.20
120	4.05	5.03	0.55	1.61
122	2.48	3.56	1.34	2.50
124	1.47	2.57	2.33	3.51
126	1.09	2.06	3.53	5.00
128	0.56	1.30	5.22	6.24
130	0.20	1.00	7.06	7.58
132	0.09	0.43	8.59	9.37

Estimated volume total, Calls 3,313 Puts 2,063
Previous day's open int: Calls 23,855 Puts 16,453

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
84	9.25	8.34	0.01	0.22
86	7.29	6.53	0.05	0.41
88	5.39	5.18	0.15	1.06
90	3.61	3.61	0.37	1.49
92	2.37	2.54	1.13	2.42
94	1.28	1.62	2.04	3.50
96	0.47	1.19	3.23	5.07
98	0.21	0.53	4.61	6.41

Estimated volume total, Calls 80 Puts 55
Previous day's open int: Calls 1,578 Puts 617

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last June	Calls-Last July	Puts-Last June	Puts-Last July
21750	9.15	15.03	0.00	0.68
22000	6.65	12.89	0.00	1.04
22250	4.15	10.88	0.00	1.53
22500	1.65	9.04	0.00	2.19
22750	0.00	7.37	0.85	3.02
23000	0.00	5.90	3.35	4.05
23250	0.00	4.63	5.85	5.28
23500	0.00	3.56	8.35	6.71

Estimated volume total, Calls 7 Puts 7
Previous day's open int: Calls 576 Puts 727

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last July	Aug	Sept	Dec	Puts—Last July	Aug	Sept	Dec
1.45	—	—	14.75	14.75	—	—	0.13	0.70
1.50	9.75	9.75	9.75	10.05	0.00	0.21	0.56	1.63
1.55	4.77	5.29	5.77	6.66	0.17	0.99	1.69	3.24
1.60	1.40	2.30	2.95	4.09	1.80	3.00	3.87	5.67
1.65	0.20	0.92	1.41	2.25	5.60	6.62	7.33	8.83
1.70	*0.01*	*0.17*	*0.45*	1.15	*10.41*	*10.87*	*11.37*	*12.73*
1.75	0.00	0.03	0.13	0.54	15.40	15.73	16.05	17.12

Estimated volume total, Calls 0 Puts 5
Previous day's open int, Calls 649 Puts 1,780

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last July	Aug.	Sept.	Dec.	Puts—Last July	Aug.	Sept.	Dec.
1.45	—	—	12.70	12.90	—	—	1.50	2.70
1.50	9.50	9.50	9.70	10.10	0.25	0.40	0.85	1.85
1.55	4.50	5.20	5.60	6.50	0.40	1.35	1.90	3.35
1.60	1.45	2.30	2.85	3.90	2.00	3.00	4.00	5.75
1.65	0.35	0.90	1.30	2.30	5.65	6.65	7.30	8.90
1.70	*0.20*	*0.35*	*0.55*	1.35	*10.80*	*11.20*	*11.60*	*12.70*
1.75	0.20	0.35	0.50	1.20	14.30	14.80	15.30	16.50

Previous day's open int: Calls N/A Puts N/A
Volume: N/A

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last July	Aug.	Sept.	Dec.	Puts—Last July	Aug.	Sept.	Dec.
1.600	0.85	1.85	2.40	3.40	2.10	3.20	4.00	5.60
1.625	0.30	0.95	1.50	—	4.00	4.90	5.50	—
1.650	0.05	0.60	0.95	1.90	6.30	6.80	7.30	8.80
1.675	—	0.35	—	1.40	8.30	9.00	—	10.80
1.700	—	0.20	0.30	0.90	10.70	11.20	11.70	—
1.725	0.05	0.10	0.20	0.75	13.20	13.70	13.90	15.10
1.750	—	0.05	0.15	0.50	15.70	15.90	16.20	17.20

Previous day's open int: Calls 116,252 Puts 63,682
Previous day's volume, Calls 10,288 Puts 5,679

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last Sept.	Dec.	Mar.	June	Puts—Last Sept.	Dec.	Mar.	June
91.25	1.45	1.29	1.24	—	0.01	0.11	0.27	—
91.50	1.21	1.09	1.06	—	0.02	0.16	0.34	—
91.75	0.98	0.90	0.89	—	0.04	0.22	0.42	—
92.00	0.76	0.72	0.73	—	0.07	0.29	0.51	—
92.25	0.55	0.56	0.59	—	0.11	0.38	0.62	—
92.50	0.38	0.42	0.47	—	0.19	0.49	0.75	—
92.75	0.23	0.31	0.36	—	0.29	0.63	0.89	—

Previous day's open int: Calls 1,615 Puts 1,909
Estimated volume, Calls 3 Puts 150

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
June	123-09	123-27	122-31	123-04
Sept.	123.07	124-01	122-25	123.02
Dec.	123.03	—	—	122.30

Estimated volume 57,000 (38,601)
Previous day's open int. 32,477 (30,913)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev.
June	—	—	—	—

Estimated Volume 0 (0)
Previous day's open int. 0 (0)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Sept.	90.89	90.95	90.77	90.77
Dec.	90.87	90.92	90.79	90.73
Mar.	90.82	90.88	90.75	90.67
June	90.71	—	—	90.56
Sept.	90.62	—	—	90.47

Estimated Volume 10,480 (6,985) Previous day's open int. 15,839 (16,221)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
June	226.65	227.00	224.20	226.10
Sept.	231.85	232.56	229.25	230.50
Dec.	236.35	—	—	236.00

Estimated volume 1,331 (1,683)
Previous day's open int. 8,392 (7,881)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Sept.	92.66	92.75	92.64	92.69
Dec.	92.41	92.50	92.38	92.43
March	92.20	92.30	92.19	92.22
June	92.00	92.06	91.99	92.03
Sept.	91.82	91.89	91.89	91.85
Dec.	91.66	91.71	91.71	91.69
Mar.	91.52	—	—	91.55

Estimated volume 7,626 (4,481)
Previous day's open int. 24,946 (24,867)

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	93-04	93-25	93-02	93-12
Dec.	92-06	—	—	91-14

Estimated Volume 6,715 (3,956)
Previous day's open int. 3,895 (4,065)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Sept.	93.10	93.24	93.02	93.06
Dec.	92.11	92.27	92.05	92.08
Mar.	91.16	91.28	91.10	91.13
June	90.22	90.29	90.17	90.20
Sept.	89.30	90.10	89.27	89.30
Dec.	89.09	89.23	89.07	89.10
Mar.	88.22	89.05	88.21	88.24
June	—	—	—	88.08
Sept.	—	—	—	87.26
Dec.	—	—	—	87.14
Mar.	—	—	—	87.04

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sept.	93.94	94.03	93.90	93.99
Dec.	93.72	93.80	93.67	93.75
Mar.	93.52	93.60	93.50	93.55
June	93.34	93.40	93.34	93.36
Sep.	93.18	93.18	93.18	93.19
Dec.	—	—	—	92.99
Mar.	—	—	—	92.83

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep.	0.6588	0.6608	0.6561	0.6555
Dec.	0.6650	0.6664	0.6618	0.6614
Mar.	0.6720	0.6820	—	0.6674

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Sept.	0.6881	0.6896	0.6863	0.6894
Dec.	0.6938	0.6950	0.6914	0.6947
Mar.	—	—	—	0.7005
Jun.	—	—	—	0.7065

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Sept.	0.5477	0.5491	0.5457	0.5454
Dec.	0.5524	0.5534	0.5506	0.5500
Mar.	0.5573	0.5573	0.5547	0.5545

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sept.	92.67	92.75	92.63	92.68
Dec.	92.42	92.50	92.36	92.41
Mar.	92.20	92.30	92.15	92.19
June	91.99	92.10	91.95	91.99
Sept.	91.80	91.92	91.77	91.81
Dec.	91.63	91.74	91.59	91.63
Mar.	91.47	91.58	91.43	91.47
June	91.32	91.41	91.29	91.33

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Sept.	312.40	313.50	311.40	312.75
Dec.	314.80	315.90	313.70	315.00
Mar.	—	318.50	316.20	316.95
June	—	320.00	—	318.85

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5945	1.5920	1.5864	1.5789	1.5687

IMM—STERLING $s per £

	Latest	High	Low	Prev
Sept.	1.5875	1.5930	1.5815	1.5810
Dec.	1.5810	1.5860	1.5735	1.5730
Mar.	1.5775	1.5800	0	1.5685

LIFFE—STERLING £25,000 $ per £

	Latest	High	Low	Prev
Sept.	1.5908	1.5910	1.5825	1.5920
Dec.	1.5842	—	—	1.5856
Mar.	1.5787	—	—	1.5809

Estimated volume 268 (132)
Previous day's open int 707 (827)

MONEY MARKETS

UK rates lower

INTEREST RATES were slightly lower in London yesterday as sterling showed a much steadier performance. Traders were aware that rates were now less affected than at any other time by the surge in enthusiasm *surrounding* the recent general election. It also meant the prospects of an early cut in base rates were effectively removed. The recent rise in rates meant that discount houses were able to sell longer dated paper without an unrealistic loss.

Three-month interbank money was quoted at 9⅛-9 per cent from 9¼-9⅛ per cent on Monday. Overnight money traded between 10½ per cent and 7 per cent.

UK clearing bank base lending rate 9 per cent since May 8

The Bank of England forecast a shortage of around £800m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £562m and Exchequer transactions an additional £220m. In addition banks brought forward balances £65m below target. These were partly offset by a fall in the note circulation of £40m.

The forecast was revised to a shortage of around £850m and the Bank gave assistance in the morning of £467m through outright purchases of £13m of Treasury bills and £115m of eligible bank bills all in band 1 and in band 2 £10m of Treasury bills, £10m of local authority bills and £185m of eligible bank bills. In band 3 it bought £122m of eligible bank bills and £12m in band 4 all at 8⅞ per cent.

Further help was given in the afternoon of £315m through outright purchases of £258m of eligible bank bills in band 1 and £57m in band 2 all at 8⅞ per cent. Total help came to £782m.

In Frankfurt the Bundesbank announced its intention to offer funds through a sale and repurchase tender at a minimum bid rate of 3.50 per cent. Successful applicants for the 28-day facility will receive their allocations today. This coincides with a maturing agreement which will drain DM 7bn from the market.

Liquidity levels just recently have been more than adequate and there were suggestions that the maturing facility would not be fully replaced, so allowing the authorities to mop up excess liquidity and keep a hold on the supply of money. Others have suggested however, that the transfer of corporate tax payments from *the system would effectively* reduce liquidity levels anyway.

In Brussels the Belgian central bank cut its short term Treasury bill rates for the second time in less than a week. The rates on one, two and three-month Treasury certificates were all cut by 0.1 per cent to 6.65 per cent, 6.70 per cent and 6.75 per cent respectively. The key three-month rate is now a full point below the discount rate of 7.75 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 23) 3 months U.S. dollars		6 months U.S. dollars	
bid 7	offer 7⅛	bid 7 3/16	offer 7 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	8¼
Broker loan rate	8
Fed. funds	6⅝
Fed funds at intervention	6⅞

Treasury Bills and Bonds

One month	5.30	Three year	7.63
Two month	5.42	Four year	7.78
Three month	5.86	Five year	7.87
Six month	6.26	Seven year	8.08
One year	6.67	10 year	8.23
Two year	7.42	30 year	8.40

June 23	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.45-3.55	3.60-3.70	3.60-3.70	3.60-3.75	3.65-3.80	5.0
Paris	7 13/16-8 1/16	8 1/16-8 3/16	8⅛-8¼	8 3/16-8 5/16	8 5/16-8 7/16	7¾
Zurich	⅞-1⅛	4⅛-4½	—	3⅞-4⅛	—	—
Amsterdam	5⅛-5¼	5 3/16-5 5/16	—	5 3/16-5 5/16	—	—
Tokyo	3.09375	3.59375	—	3.65625	—	—
Milan	10⅝-11⅛	10⅞-11⅜	—	10¾-11¼	—	—
Brussels	4.40	6⅝-6¾	—	6 11/16-6 13/16	—	—
Dublin	10⅛-10⅜	10½-10¾	10½-10¾	10½-10¾	10 9/16-10 13/16	—

LONDON MONEY RATES

June 23	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10½-7	9¼-8⅞	9 1/16-8 15/16	9 1/16-9 1/16	9¼-9 1/16	9⅜-9 3/16
Sterling CDs	—	—	9-8⅞	9⅛-9	9 1/16-9 1/16	9¼-9⅛
Local Authority Deposits	8⅝	8⅝	8 15/16	9⅛	9¼	9⅜
Local Authority Bonds	—	—	9 1/16	9¼	9⅜	9⅜
Discount M'ket Deposits	9⅛-8½	8⅞	8¾	8⅞	—	—
Company Deposits	—	—	9⅛	9¼	9⅜	9½
Finance House Deposits	—	—	9⅛	9⅛	9¼	9⅜
Treasury Bills (Buy)	—	—	8 13/16	8⅞	—	—
Bank Bills (Buy)	—	—	8⅞	8⅞	8⅞	—
Fine Trade Bills (Buy)	—	—	9½	9½	9½	—
Dollar CDs	—	—	7.10-7.05	7.05-7.00	7.15-7.10	7.60-7.55
SDR Linked Deposits	—	—	6⅛-5⅞	6¼-6	6 7/16-6 3/16	6⅝-6⅜
ECU Linked Deposits	—	—	6 11/16-6 7/16	6¾-6⅝	6⅞-6¾	7 1/16-6 13/16

Treasury Bills (sell); one-month 8 7/16 per cent; three-months 8 11/16 per cent; Bank Bills (sell): one-month 8 11/16 per cent; three months 8 11/16 per cent; Treasury Bills; Average tender rate of discount 8.6232 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 29, 1987. Agreed rates for period June 24 to July 25, 1987, Scheme I: 10.54 p.c., Schemes II & III: 10.12 p.c. Reference rate for period May 1 to May 29, 1987, Scheme IV: 8.873 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9½ per cent from June 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¼ per cent; three-six months 9 per cent; six-nine months 9⅛ per cent; nine-12 months 9⅛ per cent; Under £100,000 8 per cent from June 24, Deposits withdrawn for cash 5 per cent.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY JUNE 23 1987					MONDAY JUNE 22 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	131.47	−2.3	121.86	122.11	3.24	134.54	125.10	124.14	140.95	99.92	86.69
Austria (16)	85.71	−0.1	79.44	81.77	2.30	85.76	79.75	81.81	101.62	85.71	84.36
Belgium (47)	117.88	+0.7	109.26	110.75	4.29	117.09	108.87	110.30	123.62	96.19	78.77
Canada (127)	126.51	−0.4	117.27	122.21	2.37	127.06	118.15	122.88	136.17	100.00	98.69
Denmark (39)	119.74	+0.1	110.99	112.25	2.45	119.61	111.22	112.58	124.10	98.18	94.24
France (122)	106.89	+1.1	99.07	102.57	2.69	105.74	98.32	101.76	121.82	98.39	80.19
West Germany (90)	97.98	+1.5	90.82	93.37	1.99	96.50	89.73	92.31	100.33	84.00	82.26
Hong Kong (45)	119.12	−0.6	110.42	119.41	2.88	119.81	111.40	120.09	121.24	96.89	71.58
Ireland (14)	129.78	+1.1	120.29	125.16	3.56	128.35	119.34	124.26	131.86	99.50	85.09
Italy (76)	100.45	+0.7	93.11	99.33	1.82	99.77	92.77	98.95	112.11	94.76	80.35
Japan (458)	146.60	+0.2	135.88	135.29	0.50	146.30	136.03	134.83	161.28	100.00	79.42
Malaysia (36)	170.29	+0.0	157.84	165.88	2.29	170.28	158.33	165.28	172.55	98.24	87.21
Mexico (14)	255.99	−4.8	237.28	372.11	0.59	268.91	250.03	387.80	268.91	99.72	49.21
Netherland (38)	120.55	+0.3	111.74	113.57	3.88	120.25	111.81	113.69	120.55	99.65	88.71
New Zealand (27)	97.36	−2.6	90.25	88.28	3.14	99.93	92.92	89.23	100.59	83.93	71.18
Norway (24)	139.58	−0.3	129.37	127.55	1.97	139.99	130.17	128.02	140.05	100.00	101.71
Singapore (27)	143.62	+0.4	133.12	140.41	1.76	143.04	133.00	139.81	144.47	99.29	78.61
South Africa (61)	152.15	−1.4	141.03	113.73	3.66	154.32	143.48	114.37	186.74	100.00	76.19
Spain (43)	120.04	+2.1	111.27	115.40	3.40	117.58	109.33	113.17	121.31	100.00	83.31
Sweden (33)	113.53	+0.2	105.23	107.52	2.15	113.26	105.31	107.39	124.68	90.85	87.49
Switzerland (51)	99.06	+0.4	91.82	93.23	1.82	98.66	91.74	93.53	104.06	92.01	82.72
United Kingdom (335)	145.15	+1.1	134.54	134.54	3.16	143.58	133.50	133.50	151.46	99.65	99.09
USA (593)	126.22	−0.4	116.99	126.22	2.88	126.68	117.79	126.68	126.68	100.00	103.22
Europe (928)	120.46	+1.0	111.66	113.64	2.81	119.24	110.87	112.86	121.71	99.78	88.87
Pacific Basin (687)	144.97	+0.1	134.38	134.13	0.66	144.85	134.68	133.80	158.64	100.00	79.44
Euro—Pacific (1615)	135.22	+0.4	125.34	125.95	1.43	134.66	125.20	125.44	143.34	100.00	83.16
North America (720)	126.23	−0.4	117.00	126.02	2.85	126.70	117.80	126.49	126.70	100.00	102.98
World Ex. US (1817)	135.17	+0.4	125.29	130.62	1.49	134.68	125.23	130.16	143.09	100.00	83.61
World Ex. UK (2075)	130.32	+0.0	120.79	125.26	1.88	130.34	121.19	125.25	133.55	100.00	90.57
World Ex. So. Af. (2349)	131.51	+0.1	121.90	126.19	1.99	131.37	122.15	126.08	134.83	100.00	91.38
World Ex. Japan (1952)	124.54	+0.0	115.44	121.57	2.85	124.51	115.77	121.63	124.54	100.00	96.97
The World Index (2410)	131.64	+0.1	122.02	126.12	2.01	131.52	122.29	126.01	134.97	100.00	91.29

Base values: Dec 31, 1986 = 100

EUROPEAN OPTIONS EXCHANGE

Series		Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Feb 88 Vol.	Feb 88 Last	Stock
GOLD C	$480	71	5.50	149	14	—	—	$440.70
GOLD C	$500	72	2.50	10	10	3	15	"
GOLD C	$520	125	1.50	64	7.50	—	—	"
GOLD P	$370	—	—	50	1.10	—	—	"
GOLD P	$390	66	0.70	—	—	—	—	"
GOLD P	$420	43	5	5	9.50	—	—	"
GOLD P	$440	67	12.50	225	17	2	21.50	"
		Sep 87		Dec. 87		Mch 88		
SILVER C	$600	101	130	30	145	—	—	$681
SILVER C	$750	50	458	—	—	5	100	"
SILVER P	$550	60	10	60	15	—	—	"
		Jul 87		Aug 87		Sep 87		
£/Fl C	Fl.330	—	—	—	—	23	4.20	Fl.330.65
£/Fl P	Fl.315	—	—	—	—	740	1.40	"
$/Fl C	Fl.200	117	7	—	—	30	8.50	Fl.206.85
$/Fl C	Fl.205	35	3.80A	126	4.50	12	5.10A	"
$/Fl C	Fl.210	54	1.20	105	2.20A	70	2	"
$/Fl C	Fl.215	—	—	50	0.80	3	1.50A	"
$/Fl P	Fl.200	—	—	—	—	12	2.30	"
$/Fl P	Fl.205	77	1.70	13	3.10B	21	4.10	"
		Dec 87		Mch 88		Jun 88		
$/Fl C	Fl.200	19	9.10	23	10	5	11.20	Fl.206.85
$/Fl C	Fl.205	29	6.30A	30	7.30	—	—	"
$/Fl C	Fl.210	26	4.20A	8	5.60	10	6.40A	"
$/Fl C	Fl.215	3	2.90A	22	4	—	—	"
$/Fl P	Fl.200	48	4	5	6.10	—	—	"
$/Fl P	Fl.205	17	5.80B	—	—	—	—	"

		July 87		Oct 87		Jan 88		
ABN P	Fl.480	65	10	40	21.50	30	24	Fl.475
AEGON C	Fl.95	673	2.70	283	5	56	6.80	Fl.95.50
AEGON P	Fl.85	34	0.40	149	1.80	—	—	"
AHOLD C	Fl.95	66	5.88A	199	8	—	—	Fl.100.20
AHOLD P	Fl.100	40	1.80	104	4.70	—	—	"
AHOLD C	Fl.95.50	61	5.20	12	6.80A	5	9	"
AKZO C	Fl.140	2833	9	759	13.40	64	16	Fl.147.70
AKZO P	Fl.140	406	0.80A	354	3.20	109	5	"
AMEV C	Fl.70	15	0.50	165	2.50	15	3.30	Fl.65.60
AMEV P	Fl.60	—	—	92	1.30	—	—	"
AMRO C	Fl.75	402	2.30	653	4.40	54	6	Fl.75.50
AMRO P	Fl.75	48	1.30	119	3.20	5	3.40	"
ELSEVIER C	Fl.54	595	1	147	3.40	—	—	Fl.52.10
GIST-BROC C	Fl.45	308	1.40	227	2.80	25	4.20	Fl.44.60
GIST-BROC P	Fl.45	37	1.50	135	2.80	25	3.40	"
HEINEKEN C	Fl.190	232	1.20	83	4	52	6.10A	Fl.181
HEINEKEN P	Fl.180	70	3.30	235	7.20B	11	8.50	"
HOOGOVENS C	Fl.40	405	3.70	54	5.40	6	7	Fl.43
HOOGOVENS P	Fl.40	72	0.40	65	1.50	6	2.60	"
KLM C	Fl.50	329	2	617	3.20B	95	4.50	Fl.51.20
KLM P	Fl.45	4	0.20	220	1.50	—	—	"
NED. LLOYD C	Fl.150	155	2.80B	52	6.50B	2	9	Fl.146.70
NED. LLOYD P	Fl.150	80	5.20	32	9	9	11.50	"
NAT. NED. C	Fl.70	712	5	824	7.10A	114	8.20	Fl.74.80
NAT. NED. P	Fl.70	415	0.60	432	2.20	56	2.70	"
PHILIPS C	Fl.50	2511	2.40	1423	4.70	326	5.90	Fl.52
PHILIPS P	Fl.50	770	0.70	412	1.90	108	3	"
ROYAL DUTCH C	Fl.260	584	6.90	73	11.40A	20	14.50	Fl.264.80
ROYAL DUTCH P	Fl.260	466	2.10	165	6.90	38	8.50	"
ROBECO C	Fl.105	24	2.80	29	4.70	3	6	Fl.107.40
UNILEVER C	Fl.700	462	7.60	89	27	17	37	Fl.679.80
UNILEVER P	Fl.680	140	12	37	23	4	31.50	"

TOTAL VOLUME IN CONTRACTS: 9,816

A=Ask B=Bid C=Call P=Put

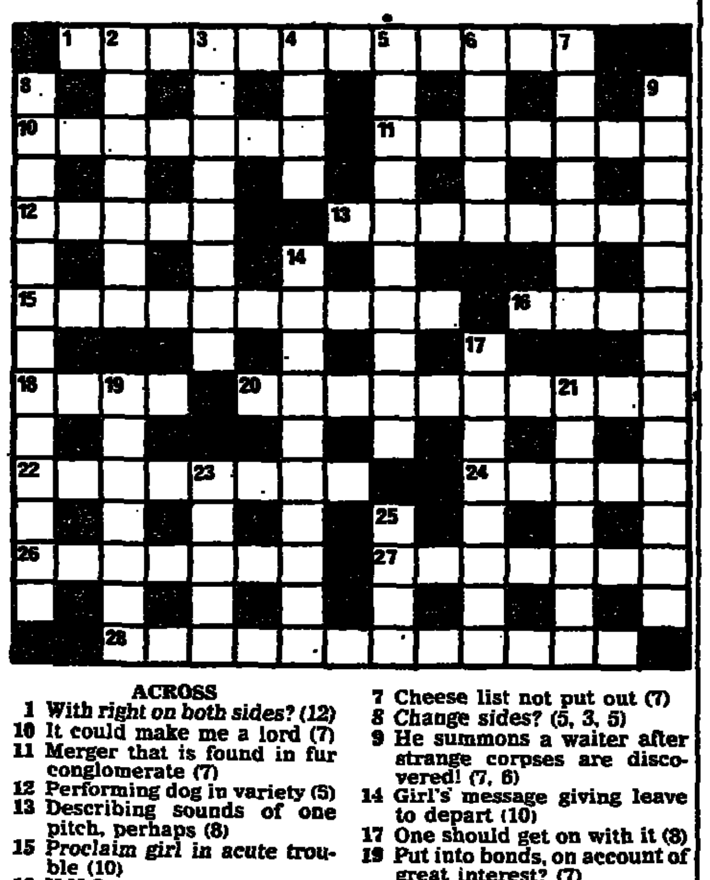
BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	Nat Bk. of Kuwait	9
Adam & Company	9	Citibank NA	9	NatWestminster	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm. Bk. N. East	9	PK Finans. Intl (UK)	10
American Exp. Bk.	9	Consolidated Cred.	9	Provincial Trust Ltd	10
Amro Bank	9	Co-operative Bank	*9	R. Raphael & Sons	9
Henry Ansbacher	9	Cyprus Popular Bk	9	Roxburghe G'rantee	9½
ANZ Banking Group	9	Duncan Lawrie	9	Royal Bk of Scotland	9
Associates Cap Corp	9	Equat'r'l TstC'p plc	9	Royal Trust Bank	9
Authority & Co Ltd	9	Exeter Trust Ltd	9½	Smith & Williams Secs	9
Banco de Bilbao	9	Financial & Gen. Sec.	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Fin. Corp.	10	Trustee Savings Bank	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd	10	UDT Mortgage Exp.	¶11.1
Bank Credit & Comm	9	● Robert Fleming & Co.	9	United Bk of Kuwait	9
Bank of Cyprus	9	Robert Fraser & Ptrs.	10	United Mizrahi Bank	9
Bank of Ireland	9	Girobank	9	Unity Trust PLC	9
Bank of India	9	Grindlays Bank	‡9	Western Trust	9
Bank of Scotland	9	● Guinness Mahon	9	Westpac Bank Corp.	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Barclays Bank	9	● Hambros Bank	9	Yorkshire Bank	9
Benchmark Tst Ltd	9	Heritable & Gen. Tst.	9		
Beneficial Trust Ltd	10	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co.	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Canada Permanent	9	● Morgan Grenfell	9		
Cayzer Ltd	9	Mount Credit Corp. Ltd	9		

● Members of the Accepting Houses Committee. * 7-day deposits 4%. Savewise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. ¶ Mortgage base rate. § Demand deposit 3.99%. Mortgage 11.25%.

FT CROSSWORD PUZZLE NO. 6,360

DANTE



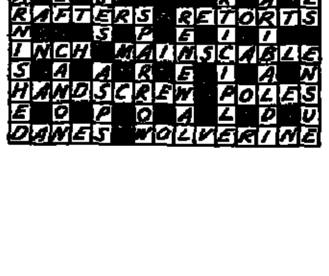
ACROSS

1 With right on both sides? (12)
10 It could make me a lord (7)
11 Merger that is found in fur conglomerate (7)
12 Performing dog in variety (5)
13 Describing sounds of one pitch, perhaps (8)
15 Proclaim girl in acute trouble (10)
16 U.N.O.s assuming position of responsibility (4)
18 A two-party fight (4)
20 The constitution should be all the better for them (10)
22 Surprise shots in a melee (8)
24 Fall into part of the main current (5)
26 Siren indicating danger to Rhine boatmen (7)
27 New native quarter shows simplicity (7)
28 The country's top people emerging from Heathrow? (6, 6)

DOWN

2 Alien girl takes third-mate to heart (7)
3 Poor ending it might make (8)
4 The Spanish manuscript may have many leaves (4)
5 Criterion for a jester (10)
6 Giant group of stars (5)
7 Cheese list not put out (7)
8 Change sides? (5, 3, 5)
9 He summons a waiter after strange corpses are discovered! (7, 6)
14 Girl's message giving leave to depart (10)
17 One should get on with it (8)
19 Put into bonds, on account of great interest? (7)
21 Central rule can be broken (7)
23 It's used in many long-legged girls' stockings (5)
25 Bar parlour where bangers are served up (4)

Solution to Puzzle No. 6,359



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2060

American Growth	110.0	116.5	+0.7	–
(Accum Units)	115.2	121.9	+0.8	–
British Blue Chip Fund	51.4	54.3	+0.0	–
(Accum Units)	51.4	54.3	+0.0	–
American Sm Cos Fd	52.6	55.6	+0.9	–
(Accum Units)	52.6	55.6	+0.9	–
American Income	52.3	55.3	+0.4	–
(Accum Units)	57.0	60.3	+0.4	–
European Growth	139.3	147.4	+1.6	–
(Accum Units)	144.2	152.5	+1.6	–
European Income	78.8	83.3xd	+0.7	–
(Accum Units)	82.5	87.3xd	+0.7	–
General	359.8	380.7	-1.5	–
(Accum Units)	597.6	632.3	-2.5	–
Gilt	88.3	88.7xd	-0.7	–
(Accum Units)	105.1	105.6xd	-0.9	–
Global Fund	49.2	52.0	+0.2	–
(Accum Units)	49.2	52.0	+0.2	–
High Interest Fund	47.7	50.4xd	-0.1	–
(Accum Units)	48.1	50.8xd	-0.1	–
High Income Fund	51.2	54.1	-0.1	–
(Accum Units)	51.6	54.6	+0.0	–
Income	117.8	124.6xd	-0.2	–
(Accum Units)	135.1	142.9xd	-0.2	–
International	297.3	314.5xd	+3.4	–
(Accum Units)	371.9	393.5xd	+4.2	–
Japan	215.0	227.5	-0.7	–
(Accum Units)	220.7	233.5	-0.8	–
Pacific Fd	52.8	55.8xd	+0.1	–
(Accum Units)	52.8	55.8xd	+0.1	–
Recovery	301.7	319.2	-1.4	–
(Accum Units)	328.1	347.1	-1.5	–
UK Smaller Co's Fd	51.4	54.3	+0.0	–
(Accum Units)	51.4	54.3	+0.0	–
Exempt May 27	348.1	357.0	-5.6	–
(Accum Units)	545.3	559.2	-8.8	–

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	60.1	63.9	.....	4.69
Accum Units	59.6	63.4	.....	4.69
UK Growth Fund Acc	61.4	65.3	-0.4	1.53
Global Income Fund	49.7	52.8	+0.4	3.78
Accum Units	49.7	52.8	+0.4	3.78
Global Growth Fund	46.9	49.9	+0.5	0.50

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst	77.8	82.3	+0.3	0.37
Holborn Equity Income	68.6	72.5xd	-0.5	1.55
Holborn Equity Tst	571.1	604.3	-0.7	2.23
Holborn European Tst	114.9	121.5xd	+2.3	0.68
Holborn Gilt Tst	214.0	222.9	-0.2	2.14
Holborn High Inc Tst	84.2	89.1xd	-0.4	4.84
Holborn Intl Grth Tst	117.8	124.6	+1.1	0.70
Holborn Japanese Tst	134.1	141.8	+1.5	0.09
Holborn N. Amer. Tst	93.2	98.6xd	+1.3	0.49
Holborn Sm Cos Tst	74.8	79.1	-0.3	1.47
Holborn Spec Sits Tst	96.8	102.4xd	-0.5	1.43
Holborn UK Growth Tst	113.5	120.1	-0.3	1.56

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	651.2	689.2	.....	1.59
Quadrant Income	329.8	349.0	.....	4.11
Quadrant Intl. Fund	442.0	467.8	.....	–
Quadrant Spec. Sits	421.2	445.8	.....	1.47

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	235.2	250.1	-1.0	2.30
Reliance Unit Tst (Inc)	159.6	169.7	-0.8	1.90
Reliance UK Tst (Acc)	214.8	228.4	-1.0	1.90

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	50.2	52.8	+0.9	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2981/4

NC America (Inc)	326.1	346.9	+4.2	–
NC America (Acc)	356.1	378.8	+4.5	–
NC Inc Fd.	122.0	129.7xd	-0.6	–
NC Japan Fd.	210.0	223.4	+0.5	–
NC Major Uk Cos Fd	70.6	75.1	-0.2	–
NC Smllr Australasian	88.1	93.7	+0.1	–
NC Smllr Canadian CoFd.	47.9	50.9	.....	2.00
NC Smaller Cos	227.7	242.2	-0.5	–
NC Smaller European	193.0	205.3	+0.3	–

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance—Contd.

Pension Fund Prices

Managed Init	326.1		
Do. Accum	398.3		
Property Init	242.9		
Do. Accum	296.5		
Equity Init	423.2	...	–
Do. Accum	516.0	...	–
Gilt-Edged Init	235.4	...	
Do. Accum	287.4	...	–
Guaranteed Init	157.5	...	–
Do. Accum	192.4	...	–
International Init	517.8	...	–
Do. Accum	631.8	...	–
Index Lk. Gilt Init	137.3	...	–
Do. Accum	167.6	...	–

Merchant Investors Assurance

Leon House, 233 High St, Croydon 01-686 9171

Property	299.3	+0.1	–
Property Pens	393.8	+0.2	–
Equity	193.6	-1.0	–
Equity Pens	880.2	-6.0	–
Money Market	311.6	-2.5	–
Money Mkt. Pens	556.5	-4.1	–
Deposit	235.8	+0.0	–
Deposit Pens	374.6	+0.2	–
Managed	287.8	-0.8	–
Managed Pens	553.8	-1.8	–
Intl. Equity	339.3	+0.7	–
Do. Pens	545.8	+1.8	–
Intl. Managed	311.8	+0.3	–
Do. Pens	461.8	+1.1	–
North American	131.4	+1.6	–
Do. Pens	152.3	+2.8	–
Far East	292.4	-2.7	–
Do. Pens	429.7	-3.8	–
Intnl. Currency	174.9	+0.0	–
Do. Pens	228.9	+0.0	–
Index Linked	130.5	+1.8	–
S & C Managed Fd	142.2	-0.1	–
S & C Pens Mngd Fd	115.9	+0.0	–
Trustline Life Funds			
Per Worldwide Rec	156.8	-1.5	–
Per Far East Growth	189.0	-0.4	–
Per Intl Growth	151.9	+0.5	–
Per Income	165.4	-0.5	–
Per Emerging Co's	157.2	+0.4	–
Per American Growth	144.1	+1.3	–
Per European Growth	122.0	+0.9	–
Fra American & Gen	121.9	+1.2	–
Fra Capital	172.3	+0.1	–
Fra Income	177.8	+0.3	–
Fra Intl Growth	135.8	+0.9	–
Fra Japan & Gen	175.5	-2.8	–
Fra Recovery	188.7	+0.7	–
Fra Convertible & Gilt	141.8	-0.3	–
Fra European	126.7	+1.2	–
GAR American	127.6	+0.9	–
GAR European	154.6	+1.2	–
GAR Far Eastern	184.3	-1.3	–
GAR British	178.4	-0.1	–
GAR Global	166.3	-0.9	–
GAR Special Situations	188.6	-0.1	–
GAR Smaller Co's	207.2	+1.1	–
GAR Australian	160.5	+0.0	–
HEN Managed	172.0	+0.1	–
HEN UK Growth	178.4	-0.3	–
HEN UK Income	174.6	-0.4	–
HEN American	126.5	+0.6	–
HEN Far East	180.7	-1.1	–
HEN European	167.1	+1.3	–
HEN Prime Res Prop	104.1	+0.1	–
TSB American	140.1	+1.7	–
TSB General	175.3	-0.4	–
TSB Managed	157.0	+0.0	–
TSB Pacific	184.7	-3.1	–
TSB Selected Opps	175.9	-0.1	–
FID American	117.4	+1.5	–
FID Japan	119.2	-1.2	–
FID European	121.0	+1.3	–
FID UK	138.7	-0.1	–
FID Pacific	142.6	+0.4	–
FID Intl Managed	128.4	+0.5	–
FID Int. Income	120.2	+0.4	–
FID Intl Spec Sits	140.0	-0.4	–

Municipal Life Assurance Ltd

1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

Initial Equity	161.0	169.5	+0.5	–
Initial Managed	148.5	156.5	+0.5	–
Initial International	149.0	157.5	+1.0	–
Initial Property	97.0	102.5	–	–
Initial Manfund	108.0	114.5	...	–
Initial European	118.0	124.5	+1.5	–
Initial Five Star	128.0	135.5	...	–
Initial American	107.5	113.5	+1.0	–
Initial World Invest	109.0	115.5	+0.5	–
Initial Emerg. Mkts	99.5	105.0	...	–
Accum. Equity	199.0	210.0	+1.0	–
Accum. Managed	186.0	196.5	+1.0	–
Accum. Intl	173.0	182.5	+1.5	–
Accum. Property	108.0	114.0	...	–
Accum. Manfund	119.0	125.5	[illegible]	–

Norwich Union Asset Management Ltd

PO Box 124 Norwich NR1 1JS 0603 683986

NUAM Funds				
Managed Fund	56.9	59.9	-0.2	–
Stock Market Mngd Fund	58.4	61.5	-0.1	–
Equity Fund	63.3	66.7	-0.2	–
International Fund	54.9	57.8	-0.1	–
European Fund	56.7	59.7	+0.6	–
North American Fund	51.1	53.8	+0.7	–
Pacific Fund	64.2	67.6	+0.4	–
Property Fund	50.5	53.2	–	–
Fixed Interest Funds	50.2	52.9	-0.3	–
Index Linked Sec Fund	46.4	48.9	–	–
Deposit Fund	50.6	53.3	–	–
NUAM Retirement Plans				
Mixed Fund	60.5	63.7	-0.3	–
UK Ordinary Share	71.5	75.3	-0.4	–
International Fund	56.7	59.7	+0.5	–
Property Fund	51.5	54.3	+0.1	–
Fixed Interest Fund	51.8	54.6	-0.6	–
Index Linked Sec Fund	46.5	49.0	+0.3	–
Deposit Fund	52.4	55.2	+0.1	–
NUAM (NF)				
Managed Fund	776.8	817.7	-2.1	–
Equity Fund	1679.2	1767.6	-6.2	–
Property Fund	314.5	330.9	...	–
Fixed Interest Fund	369.6	389.1	-2.2	–
Deposit Fund	206.5	217.4	...	–
International Fund	142.3	149.8	-0.4	–
Index Linked Sec Fund	46.4	48.9	–	–

Norwich Union Life Insurance Soc.

PO Box 4, Norwich NR1 3NG 0603 622200

Pensionmaster & Unit-Linked Plus				
Fixed Interest Fund	265.5	279.4	-2.0	–
Index-Linked Sec Fund	130.2	137.0	-4.1	–
Ordinary Share Fund	527.2	554.9	+15.3	–
International Fund	142.5	150.0	+4.5	–
Property Fund	160.5	168.9	+0.1	–
Deposit Fund	163.9	172.5	+0.2	–
Mixed Fund	338.9	356.7	+7.5	–
Norwich Units May 15		972.9		

*Prices as at June 2.

Pearl Assurance (Unit Funds) Ltd

252 High Holborn, London WC1V 7EB 01-405 8441

Prop. Dist. (Gross)(z)	144.4	152.1	+0.3	–
Prop. Acc. (Gross) (z)	226.1	238.1	+0.4	–
Equity (Gross) (z)	751.3	790.9	-8.7	–
Managed (Gross) (z)	505.9	532.6	-4.7	–
Prop. Acc. (Net) (z)	104.3	109.8	+0.2	–
Equity (Net) (z)	159.6	168.0	-1.5	–
Managed (Net) (z)	145.2	152.9	-1.1	–
International (net) (z)	138.7	146.1	-0.4	–
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1) (z)	475.7	500.8	-3.9	–
Ret Man (Series 2) (z)	161.4	169.9	-1.1	–
Ret Cash (z)	112.9	118.9	+0.1	–

Phoenix Assurance Co Ltd

Phoenix House, Redcliff Hill, Bristol 0272 294941

Life Assurance Funds				
Wealth Assur.	433.2	456.4	–	–
Ebr Ph. Eq.	393.3	416.7	+6.3	–
Pension Plan Funds				
Phoenix				
UK Equity Acc.	197.6	207.9	+0.1	–
International Acc.	159.7	168.1	+4.0	–
Property Acc.	110.4	116.2	+0.1	–
Fixed Interest Acc.	145.3	152.9	-0.4	–
Money Acc.	122.8	129.2	–	–
Bldg. Soc. Link Acc.	124.9	131.4	–	–
Special Mnged. Acc.	168.5	177.3	+1.2	–
Phoenix/Framlington				
Intnl. Growth Acc.	116.1	122.2	+1.1	–
Amer & Gen. Acc.	110.6	116.4	+1.8	–
Capital Tst. Acc.	208.3	219.2	...	–
Japan & Gen Acc.	183.5	193.1	-4.2	–
American Turn. Acc.	104.7	110.2	+1.8	–
Recovery Tst. Acc.	210.5	221.5	+1.3	–
Special Mngd Acc.	162.0	170.5	+0.7	–
Phoenix/GT				
International Acc.	162.1	170.6	+0.4	–
US & General Acc.	118.4	124.6	+0.4	–
Amer Spec Sits Acc.	87.8	92.4	-0.1	–
Japan & General Acc.	186.2	195.9	-5.3	–
Far East & Gen. Acc.	187.0	196.8	-1.8	–
UK Capital Acc.	192.4	202.5	-1.2	–
European Acc.	162.9	171.4	+1.6	–
Special Mngd. Acc.	158.2	166.5	-0.7	–

Pioneer Mutual Insurance Co Ltd

16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	319.8	336.7	–	–
Man Pens Inc & Cap Fds.	423.6	445.9	–	–
Money Fund	107.9	113.6	–	–
Pens. Mngd Fd (Init)	108.5	114.3	–	–
Pens Mngd Fd (Acc)	116.9	123.1	–	–
Pens FT30 Fd (Init)	166.5	175.3	–	–

Provincial Life Assurance Co Ltd

Stramongate, Kendal, Cumbria

Prudential Assurance Co

Holborn Bars, London EC1

Prudential Pensions Limited

Holborn Bars, London EC1

Regency Life Assurance

55-57 High Holborn, WC1V

Reliance Mutual

Reliance House, Tunbridge Wells

J. D. Ward & Co Ltd

55 Lincoln's Inn Fields, WC2A 3LX. 01-242 2263

Target Mngd Bond	223.0	234.8	–	–
Target Mngd Pension	143.4	151.0	–	–
Albany Mngd Bond	175.3	184.5	–	–
Albany Mngd Pension	225.9	237.7	–	–

Yorkshire & Lancashire Investment Mgt.

2 Parson Lane, Clitheroe, BB7 2JN 0200 28066

Growth & Income (RHI)	194.1	204.4	–	–
Ultra Bond (Roy.H)	162.0	170.6	–	–
Flexible Managed (Han)	148.7	156.6	–	–
Global Managed (Schr.)	161.9	170.4	–	–
Security (Scot Mutual)	119.0	125.3	–	–
Pension Fund (Roy.H)	133.6	140.7	–	–

OFFSHORE AND OVERSEAS

Actibonds Investment Fund SA

37 rue Notre Dame, Luxembourg Tel: 47971

Actibonds Inv.		$35.89	–	–

Adig Investment

Postfach 708, 8000 Munich 1 Telex 524269

Adirenta	DM24.38	25.11	-0.03	–
Adiverba	DM149.80	157.29	+1.60	–
Fondak	DM65.65	68.91	+0.65	–
Fondis	DM67.94	71.34	+0.83	–

Albany Fund Management Limited

PO Box 73, St Helier, Jersey 0534 79933

Albany $ Fd. (CI)	$415.09	421.05	–	0.71

Next dealing May 22

Albany International Assurance Ltd

St Mary's, Castletown, Isle of Man 0624 823262

Global Sterling Fd		£1.072	–	–
UK Sterling Fd		£1.141	–	–
European Sterling Fd		£0.975	–	–
Japan Sterling Fd.		£1.072	–	–
Nth American Sterling		£1.023	–	–
Sterling Fixed Int		£1.025	–	–
Global Dollar Fd		$1.060	–	–
UK Dollar Fd		$1.116	–	–

£ Sterling		£10.32	–	8.81
US$		$15.22	–	5.90
D. Marks		DM40.35	–	3.63
Swiss Francs		SFr30.20	–	2.30
Fr Francs		FFr 102.75	–	7.58
Japanese Yen		Y3,028	–	2.76
Ecu's		Ecu 20.30	–	5.56
Sterling Bond	£0.97	1.01	–	9.12

Citibank (CI) Ltd "Citifunds"

Green Street, St Helier, Jersey, CI 0534 70534

Liquidity Funds				
Deutschmark		29.173	+0.001	–
Yen		2401.998	+0.152	–
Sterling		7.345	+0.002	–
Swiss franc		21.587	+0.001	–
US dollar		13.425	+0.002	–
Managed		13.539	-0.004	–
Short term Investment Funds				
SWF			–	–
Irish £ Jun 22		75.754	+0.173	–
US $ Jun 22		11.030	+0.029	–
Equity Funds				
Glob Equity Jun 22	13.134	13.302	-0.170	–
US EarthCare Jun 22		11.681	+0.047	–
US Spc Sits Jun 22		12.023	+0.292	–
US Em Tech Jun 22		10.872	-0.095	–
Citicare Jun 22		17.846	+0.072	–
Bond Funds				
Global Bond Jun 15	10.509	10.660	...	–
US$ Bond Jun 15	9.946	10.062	+0.039	–

Cortexa International

10a Boulevard Royal, Luxembourg

Cortexa Intnl.		$199.49	–	–

Credit Suisse

23 Avenue Monterey, Luxembourg

CS Money Mkt Fd US$	$1,216.05	1,216.06	–	–
CS Money Mkt Fd DM	DM1,128.61	1,128.62	–	–
CS Money Mkt Fd£	£1,219.40	1,219.40	–	–
CS Money Mkt Fd Yen	Y107,052	107,052	–	–
CS Short-Tm Bd $ A/B	$101.27	101.28	–	–
CS Short-Tm Bd DM A/B	DM103.71	103.72	–	–

Creditanstalt Asset Mngmt Ltd

29, Gresham St, London EC2V 7AT. 01-822 2600

Crdstlt Ryan US Tr.		–	–	–

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99¾	97½	Treas 3pc 1987	99¾xd	.....	3.01	8.73
101⅛	100⅞	Treas. 12pc 1987	101⅛	.....	11.88	8.77
99¾	97⅞	Treas 7¾pc 1985-88‡‡	99⅜xd	–⅛	7.78	8.42
102¼	99¾	Exch 10½pc '88	101¼	–⅛	10.37	8.97
101⅞	98⅞	Treas 9¾pc Cv '88	100⅞	.....	9.69	9.00
96⅞	93⅞	Transport 3pc '78-88	96⅞xd	+⅛	3.11	6.56
101⅝	98⅛	Treas. 9½pc '88	100⅜	+⅛	9.46	9.12
105⅞	101⅞	Treas 11½pc 1989	103⅝	.....	11.10	9.11
102⅜	97⅞	Treas 9½pc Cnv 1989	100⅝	+⅛	9.44	9.13
94⅝	89¼	Treas 3pc 1989	93¾	+⅛	3.20	6.56
104⅝	99⅞	Treas 10½pc 1989	102½	+⅛	10.25	9.11
103⅞	98½	Exch 10pc 1989	101⅝	+⅛	9.86	9.21
105¾	100⅝	Exch 11pc 1989	103⅝	+⅛	10.61	9.11
95⅞	89⅞	Treas 5pc 1986-89	94⅛	+⅛	5.29	7.62
108⅞	100⅛	Exch 10½pcCv '89	104⅞	+⅛	9.83	8.22
111⅞	105⅝	Treas 13pc 1990‡‡	108⅝xd	+⅛	11.95	9.11
106½	100⅞	Exch 11pc 1990‡‡	104⅜	+⅛	10.56	9.18
110⅞	104⅞	Exch. 12½pc 1990	107⅞	+⅛	11.59	9.17
91⅞	84⅛	Treas. 3pc 1990	90⅞	.....	3.32	6.72
100⅞	93⅞	Treas 8¼pc 1987-90‡‡	99¼	+⅛	8.31	8.53
105	97½	Treas. 10pcCv 1990	102⅜	+⅛	9.78	9.17
89⅞	81⅞	Exch 2½pc 1990	88	+⅛	2.84	6.46
110⅝	103⅝	Treas 11¾pc 1991	107⅝xd	+⅛	10.93	9.26
95⅞	87¼	Funding 5¾pc '87-91‡‡	93⅝	+⅛	6.16	7.80
89⅞	80¼	Treas. 5pc 1991	87½	.....	3.43	6.72
110⅝	100⅞	Treas 10pc Cv '91 ‡‡	105⅛xd	+⅛	9.51	8.47
109⅝	101⅞	Exch. 11pc 1991	106⅞	+⅛	10.33	9.13
116⅞	106⅞	Treas 12¾pc 1992‡‡	112⅞xd	+⅛	11.29	9.21
106⅞	97⅞	Treas 10pc 1992	102⅞	+⅛	9.72	9.21
49⅞	45⅝	Treas. 8pc 1992 ‡‡(50pd)	45⅞	+⅛	8.15	8.47
108⅞	99⅞	Treas 10½pc Cv 1992‡‡	105	+⅛	10.01	9.20

BRITISH FUNDS—Contd

1987 High	Low	Stock		Price £	+ or –	Yield (1)	(2)
		Index-Linked	(b)				
131⅞	125½	Treas. 2pc '88	(297.1)	130⅞	–⅛	—	2.75
117¼	108⅞	Do. 2pc '90	(373.9)	116⅞xd	–⅛	1.01	2.23
99⅞	93½	Do. 2pc '92‡‡	(385.8)	97⅞	–⅛	2.21	2.78
128⅞	119⅞	Do. 2pc '96	(267.9)	126¼	–⅛	3.27	3.73
111⅝	101⅞	Do 2½pc '01	(308.8)	105⅞	–⅛	3.66	4.06
110	100¼	Do. 2½pc '03	(310.7)	103⅞	–⅛	3.51	4.02
113⅞	103⅞	Do. 2pc '06	(274.1)	105⅞xd	–⅛	3.48	3.91
108	98⅝	Do. 2½pc '09	(310.7)	101⅞	–⅛	3.48	3.82
113⅞	103⅞	Do. 2½pc '11	(294.1)	106⅞	–⅛	3.52	3.75
95⅞	86⅞	Do. 2½pc '13	(351.9)	88¼	–⅛	3.46	3.70
103⅞	94	Do. 2½pc '16	(322.0)	96¼xd	–⅛	3.26	3.63
101⅞	91⅞	Do. 2½pc '20	(327.3)	94⅞	–⅛	3.36	3.57
86⅞	77⅝	Do. 2½pc '24 ‡‡	(385.3)	80⅞xd	–⅛	3.29	3.48

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for October 1986: 388.4 and for May 1987: 101.9 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
113⅝	99½	African Dv Bk 11¼Ln 2010	107⅝xd	–⅛	10.31	10.21
109⅝	95	Asian Dev Bk 10¼pcLn2009	103⅝	.....	9.92	9.84
136	118¾	Australia 13½pc 2010	130¼	–⅛	10.37	10.10

FOREIGN BONDS & RAILS

1987 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	42	Greek 7pc Ass.	42xd	.....	3.50	f8.33
45	40	Do. 6pc 28 Stb. Ass.	40	.....	3	f7.50
47	45	Do 4pc Mixed Ass.	47	.....	2	f4.26
65	58	Hung. '24 Ass	63	.....	2.75	f4.37
146½	122⅞	Hydro Quebec 15pc 2011	140⅞xd	+⅛	15.00	10.41
94	83	Iceland 6½pc '83-88	94xd	.....	—	—
136¼	115½	Do. 14½pc Ln. 2016	128⅝	.....	14.50	11.16
105½	94	Ireland 9¾pc '91-96	101¼	–⅛	9.75	9.57
98½	93	Japan 6% '83-88	94	.....	—	—

AMERICANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
41⅞	32⅝	Abbott Laboratories§	41⅝	+⅛	$1.00	—	1.5
17	11⅝	Ahmanson (H.F.)	13½	+⅛	88c	—	4.0
33⅝	24⅝	Alcoa $1	33⅝	.....	$1.20	—	2.2
14⅞	8⅝	Amax $1	12⅝	–⅛	—	—	—
26¼	17⅛	Amdahl 5c	23⅝	+⅛	20c	—	0.5
33	25⅛	Amer. Cyanamid $5	33	+1	$1.90	—	3.5
25⅞	18	Amer. Express $0.60	23⅛xd	+⅛	$1.44	—	3.8
12⅝	10	Amer. Medical Int. $1	11½	+⅛	ϕ72c	—	3.8
18	14¼	American T. & T. $1	18	.....	$1.20	—	4.1
63	46⅞	Ameritech $1	56½	+1⅛	h$4.72	—	5.1
20¼	15½	Amfac§	20¼	+½	—	—	—
23	17⅞	Anheuser-Busch $1	22½xd	+⅛	$2.00	—	5.4
77p	45p	¶AridTech§	77p	+2	—	—	—
10⅛	6⅞	BankAmerica $1⅞	7⅞	.....	—	—	—
34⅝	25⅝	Bankers N.Y. $10	34⅝	+1⅛	$2.66	—	3.0
652p	408p	BASIX Corp.	408p	–27	12c	—	1.8
49½	36⅞	Bell Atlantic $1	45⅞	+1⅛	$3.84	—	5.2

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30⅞	22¾	Sara Lee $1	29½xd	+⅞	$1.00	—	2.1
11¾	8⅞	Saul (B. F.) $1	10	+1/16	20c	—	1.2
26¼	19¾	Southwestern Bell $1	24⅞	+½	k$2.32	—	5.7
17⅝	14¼	Staley Continental	17⅛	+⅛	80c	—	2.9
44⅞	36⅜	Sun Co. Inc. $1	41⅞xd	+⅝	$3.00	—	4.4
37	28⅛	TRW Inc. $1¼	34¾	+¼	k$1.60	—	2.9
31	25¾	Tenneco $5	30⅞	+⅛	$3.04	—	6.0
187½	149½	Do. 10pcLn.Stk. 91-5	187½	—	10%	—	f5.5
26¼	17⅞	Texaco $6.25	24¼xd	+⅞	$3.00	—	7.6
61⅞	47⅛	Time Inc. $1	61⅞	+¼	$1.00	—	1.0
14½	11	Tracor $0.33	13⅞	+¼	40c	—	1.9
26⅝	18⅞	Transamerica $1	23⅝xd	+1	$1.76	—	4.6
11⅞	922p	Transworld Corp $5	11⅛	+⅛	20c	—	1.1
46	29¼	TRINOVA Corp.	46	+1½	b$1.00	—	1.3
20	15⅞	♥USX $1	20	+⅛	$1.20	—	3.7
18¾	15⅞	Union Carbide $1	18⅛	–⅛	$1.50	—	5.0
35⅞	26⅜	Utd. Technologies	30⅞	+⅞	$1.40	—	2.8
38⅝	27	US West‖	34⅛	+⅞	$3.28	—	5.9
25	17⅛	Waste Management $1	26⅛	+1⅛	—	—	—
£22¼	£20½	Whirlpool $1.0	£22¼	+⅝	—	—	—
34⅞	26	♥Woolworth $3½	34⅞	+1⅞	$1.32	—	2.4

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
21p	10p	♥Abbot Energy Corp.	21p	.....	—	—	—
25⅞	10⅛	♥Amer. Barrick Res.	21	–½	—	—	—
122p	52p	Armeno	87p	–3½	—	—	—
19⅜	14⅝	Bk. Montreal ‖	15⅞	+¼	$2.00	—	5.8
10½	765p	Bk. Nova Scot.‖	842p	+12	72c	—	3.9
20⅝	18	BCE ‖	19¾	+¼	$2.40	—	5.6
960p	712p	♥Bow Valley‖	907p	+35	40c	—	2.0
19¼	12⅞	♥Brascan‖	16½	.....	88c	—	2.5
609p	277p	♥Breakwater Res.	395p	.....	—	—	—
11⅝	894p	Can.Imp.Bk. $2	10⅞xd	–⅛	$1.08	—	4.9
12	865p	Can. Pacific ‖	11½	.....	48c	—	1.9
42½	37½	Do. 4pc Deb £100	41½xd	.....	4%	—	9.6
27½	15⅝	♥Echo Bay Mines	22¼	–⅜	20c	—	0.4
175p	66p	Euro-Asia Capital Ltd.	175p	+8	—	—	—
733p	285p	Galactic Resources	512p	.....	—	—	—
69p	32p	Global Data Systems	51p	+2½	—	—	—
873p	399p	♥Granges Explo‖	628p	–10	—	—	—
18⅝	10p	♥Gt Pacific Res.	17p	+½	—	—	—
14½	781p	♥Gulf Canada‖	13⅜	.....	52c	—	1.8
13¾	10	♥Hawker Sid Can‖	12⅞	+½	96c	—	3.4
740p	460p	Henlys Group	520p	+8	—	—	—
14⅛	10⅞	Hudson's Bay ‖	10⅞	+¼	60c	—	2.5
34½	24¼	♥Imperial Oil‖	33⅝	–⅛	s$1.60	—	2.2
11⅝	782p	Inco‖	11⅛xd	.....	US$0.20	—	1.1
25⅞	14¼	♥Intl. Corona Res.	18½	+½	—	—	—
695p	575p	♥Inland Nat. Gas $1	695p	+10	60c	—	4.0
363p	158p	♥Moszocho Expln.	247p	+7	—	—	—
10	748p	♥Nthd Business Syst.‖	895p	+5	—	—	—
12	927p	♥Rio Algom	965p	–10	$1.30	—	6.2
19⅛	14¼	Royal Bk. Can. ‖	15⅝	+⅛	$2.00	—	5.9
49½	40¼	Seagram‖	48¼	+⅝	US$1.00	—	1.3
14⅞	11½	Toronto-Dom. Bk.‖	13⅞	+⅛	84c	—	2.8
228p	19p	♥Trans Atlantic Res ‖	113p	–6	—	—	—
10⅛	789p	♥Trans Can Pipe	842p	+17	$1.12	—	6.1
184p	124p	Narity Corp‖	134p	–8	B—	—	—

BANKS, HP & LEASING

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
187	146	ANZ $A1	184xd	.....	bQ20.7c	2.4	5.1	8.2
*£364	£135¼	Algemene FL100	£242	+1	nQ27%	2.1	5.8	8.1
*273	230	Allied Irish	241	–4	Q61.6%	ϕ	5.9	ϕ
70	56	Anglo Irish	63	.....	Q19.69%	1.4	7.0	15.0
92	84	Ansbacher (H.) 1p	90½	+1½	2.0	—	3.0	—
£495	£24¼	Banco de Bilbao S.A.	£31½	.....	Q38%	3.0	3.0	—
£29½	£23½	Banco de Santander	£28⅞	+⅛	Q23.2%	ϕ	1.5	ϕ
*263	176	Bank Ireland Ir£1	220xd	.....	Q15.93%	2.9	6.6	7.6

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

LONDON SHARE SERVICE

INSURANCES—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
150	105	Tronoh SM1	190	+10	‡vQ45c	0.8	$

Miscellaneous

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
140	84	Anglo-Dominion	118	+4	—	—	—
90	21	♥Colby Res Corp.	56	....	—	—	—
*295	127	Cons. Murch. 10c	225	....	Q60c	4.4	8.3
*70½	37½	♥Emoex Int. Ir10p	55	....	—	—	—
318	151	Greenwich Res	283	–5	—	—	—
£12¼	963	Hemlo Gold Mines	£10⅞	–⅛	—	—	—
355	189	♥Highwood Res.	280	......	—	—	—
£25⅞	£16½	Homestake Mining $1	£20⅝	–⅝	Q20c	—	0.6
442	150	♥McFinley Red Lake	358	......	—	—	—
166	86	♥Musto Explorations	139	+4	—	—	—
100	37½	♥New Sabina Res C$1	77	......	—	—	—
580	200	Northgate C$1	465	......	—	—	—
237	104	Nor-Quest Resources	190	–3	—	—	—
£11¼	698	RTZ	£10⅞	+⅛	23.5	ϕ	—
£233¼	£113¾	Do. 9½pcLn '95-2000	£206¼	+4	Q9½%	15.5	f4.7

THIRD MARKET

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
485	180	Abelscot Group 10p	455	......	3.5	2.7	1.1	48.9
35	28	Aberdeen Am Pet 10p	33	......	—	—	—	—
125	110	Allied Ins. Brokers	122	......	t3.5	2.5	4.0	14.2
15½	9	Ardmore Pet. 'A'	11½	–½	—	—	—	—
77	45	Catalyst Comms. 5p	70	......	—	—	—	29.1
200	168	Chelsea Artisans 5p	183	+3	—	—	—	24.5
98	47	Corton Beach 10p	98	+2	0.4	ϕ	0.6	ϕ
200	150	Crown Eyeglass 5p	183	–2	—	—	—	—
225	102	Eldenspring Investment	220	......		—	—	—
*62	18	Eglinton Oil Ir.5p	27	–1	—	—	—	—
41	17	Do. Warrants	18	–1	—	—	—	—
74	17	Publishing Hldgs.5p	73xr	+2	—	—	—	41.1
66	45½	Theme Holdings	61	–1	1.0	ϕ	2.2	ϕ
140	111	Unit Group	140ϕ	......	R4.6	2.5	4.5	(10.0)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ✣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✗ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ∎ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ϕϕ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –	Stock	Price	+ or –
Albany Inv 20p	86	+3	Fin. 13% 97/02	£110	–⅛
Craig & Rose £1	£17¼	......	Arnotts	340	+5
Finlay Pkg. 5p	106	+2	CPI Hldgs	57	......
Holt (Jos) 25p	967	......	Carroll Inds.	150	+2
IoM Stm. £1	120	......	Dublin Gas	18	......
			Hall (R. & H.)	100	–3
IRISH			Helton Hldgs.	41	......
Fund 11¼% 1988	£100⅛	......	Irish Ropes	170	+5
Nat. 9¾% 84/89	£98½	......	Unidare	375	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	40	NEI	12
Amstrad	20	Nat West Bk	65
BAT	55	P & O Dfd	65
BOC Grp.	45	Plessey	22
BSR	17	Polly Peck	28
BTR	30	Racal Elect	24
Babcock	19	RHM	30
Barclays	52	Rank Org Ord	70
Beecham	50	Reed Intnl	45
Blue Circle	50	STC	30
Boots	25	Sears	15
Bowaters	50	TI	34
Brit Aerospace	56	TSB	10
Brit. Telecom	32	Tesco	55
Burton Ord	35	Thorn EMI	70
Cadburys	22	Trust Houses	24
Charter Cons.	40	Turner Newall	28
Comm Union	30	Unilever	300
Courtaulds	45	Vickers	20
FNFC	30	Wellcome	42
Gen Accident	95	**Property**	
GEC	24	Brit Land	25
Glaxo	200	Land Securities	45
Grand Met	55	MEPC	42
GUS 'A'	175	Peachey	45
Guardian	90	**Oils**	
GKN	34	Brit Petroleum	32
Hanson Tst.	15	Britoil	32
Hawker Sidd	50	Burmah Oil	45
ICI	125	Charterhall	6
Jaguar	52	Premier	11
Ladbroke	40	Shell	110
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	24
Lloyds Bank	50	**Mines**	
Lucas Inds	62	Cons Gold	95
Marks & Spencer	22	Lonrho	26
Midland Bk	55	Rio T Zinc	90
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jun 1	Jun 11	Jun 12	Jun 22
Jun 15	Jun 25	Jun 26	July 6
Jun 29	July 9	July 10	July 20

* New time dealings may take place from 9.00 am two business days earlier.

Tap stock move helps confidence as bonds and shares move higher in better trade

The UK securities markets staged a successful, if somewhat technical recovery yesterday, helped by a steadier trend in the pound and by positive action by the Bank of England in the Government bond sector.

The Bank supplied tap stock twice during the session, and its second move, coming just before the SEAQ close, was regarded as an attempt to steady the bond sector which ended ¾ higher. Equities, firm throughout, closed near the day's best levels, with most of Monday's loss restored in a calm trading session.

The FT-SE 100 index gained 20.9 to 2,265.5, with property, insurance and consumer stocks to the fore. Buying support was modest, and came mostly from the UK institutions. At 1,751.6, the FT Ordinary added 14.6.

Shares opened lower as some traders re-marked prices to allow for the shakeout at the end of the previous session. But with the pound steady, and gilts swiftly improving, shares soon moved up.

Gains in the blue chips, although modest, were widespread. Among the better spots was Imperial Chemical Industries. British Telecom fared best among the privatisation issues, while British Aerospace failed to hold an early gain which reflected substantial orders from Australia.

With Wall Street uneasy in early trading, the transatlantic stocks moved cautiously. Oil shares remained confident ahead of the Opec meeting which opens tomorrow and is expected to move to a speedy agreement on oil prices.

Saatchi & Saatchi moved higher as the group announced the restructuring of the US operations which had been keenly awaited in the City.

But it was the Government bond market which attracted much of the attention. The session started well in response to the steadier opening by the pound, and gains quickly extended to around a full point.

At this stage, 10.30 am, the Bank supplied stock in the tap—the Treasury 8 per cent 2002-06—to a market-maker at a price of £26$\frac{11}{32}$ (partly-paid), a sharp reduction from the £30¾ at which it was last supplied.

The bond market immediately topped off, reducing net gains to ⅜, and traded sluggishly until late afternoon when the Bank "to everyone's surprise," supplied tap stock a second time. The second tranche was at £27$\frac{1}{16}$, after which the Bank quit the market. This second action brought a general improvement in bond prices and was read as an indication that the authorities wanted to help market confidence. Long bond yields ended at 9.1 per cent comfortably above the 9¼ per cent resistance level.

Life Insurances and Composites perked up in the wake of TSB's agreed bid for unlisted life company Target announced late on Monday. In Lifes, Legal and General revived with a gain of 11 at 345p, while Prudential rose ¼ to £10⅜. Recently-dull Abbey Life rallied 10 to 267p. Composites showed Sun Alliance 10 higher at 995p and Royals 9 up at 483p. Stewart Wrightson featured Lloyds brokers, rising 11 to 472p after 480p, on vague rumours of a bid from Willis Faber.

USM newcomers Knobs and Knockers and Ross Consumer Electronics staged highly successful debuts: the former, placed at 105p, opened at 105p and advanced to 155p, while the later moved ahead strongly from a first price of 183p to close at 232p which compares with a placing price of 165p. Third market newcomer Amercoeur Energy settled at 83p against a placing price of 65p.

Leading Building issues gave fresh ground as buyers remained on the sidelines. Redland were a dull market at 517p, down 6½, while Rugby Portland Cement lost 3 at 261p. RMC slipped 6 to 493p, but Tarmac were a relatively steady market and closed virtually unchanged at 289p. Barratt Developments softened a couple of pence to 207p, as did George Wimpey, to 239p. Elsewhere, Magnet and Southerns, a dull market recently reflecting the £70 rights issue proposal, picked up 10 at 337p.

Boosted on Monday by the sale of the speciality chemical businesses of Stauffer, ICI made fresh progress helped by an investment recommendation from BZW and closed 4 higher at £15. Elsewhere in the Chemical sector, Laporte firmed 6 to 530p.

Stores staged a useful recovery from Monday's depressed levels. One trader commented that the shake-out had merely served to entice "bargain-hunters" into the fray. Consequently, substantial rises were recorded by Gussies A, finally $\frac{3}{16}$ up at £13¾, and W. H. Smith A, 14 dearer at 382p. Smaller gains were noted for Marks and Spencer, 249p, and Dixons, 376p. Elsewhere, USM-quoted Chelsea Man put on 10 more to 275p awaiting today's preliminary figures, but profit-taking was noted for House of Lerose, finally 28 off at 353p, and for Martin Ford, 4 down at 167p.

Trading in the Electrical leaders was again brisk. The preliminary figures from Racal failed to excite the market initially, but helped by the encouraging statement on prospects the shares eventually settled 17 to the good at 268p. GEC settled a few pence lower at 239p, but Plessey continued to edge higher at 228p. British Telecom staged a useful revival, closing 8 to the good at 298p.

FINANCIAL TIMES STOCK INDICES

	June 23	June 22	June 19	June 18	June 17	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	90.55	90.59	91.16	91.94	92.38	90.68	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.91	98.03	98.50	98.88	98.85	96.68	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1751.6	1737.0	1758.3	1783.1	1801.7	1339.4	1,801.7 (17/6)	1,320.2 (2/1)	1,801.7 (17/6/87)	49.4 (26/6/40)
Gold Mines	364.1	376.7	390.1	383.0	380.2	203.7	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.26	3.29	3.26	3.21	3.17	4.12				
Earnings Yld.%(full)	7.87	7.93	7.86	7.74	7.66	9.89				
P/E Ratio (net) (*)	15.64	15.53	15.67	15.90	16.09	12.31				
SEAQ Bargains (5 pm)	41,368	45,310	43,540	49,867	52,863	—				
Equity Turnover (£m)	—	1631.42	1523.58	1582.27	1811.74	479.02				
Equity Bargains	—	51,893	53,267	58,861	64,368	20,784				
Shares Traded (ml)	—	619.3	628.7	704.3	837.2	191.6				

S.E. ACTIVITY

Indices	June 22	June 19
Gilt Edged Bargains	148.5	143.2
Equity Bargains	336.2	345.1
Equity Value	3297.5	3079.5
5-Day Average		
Gilt Edged Bargains	142.9	142.9
Equity Bargains	378.0	378.0
Equity Value	3341.0	3375.4

♥ Opening 1729.5 | 10 a.m. 1743.6 | 11 a.m. 1744.8 | Noon 1748.6 | 1 p.m. 1752.0 | 2 p.m. 1750.7 | 3 p.m. 1749.4 | 4 p.m. 1749.7

Day's High 1752.4. Day's Low 1728.8. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=15.33.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Comment on the preliminary figures prompted a further gain of 9 to 366p in Volex, while Soundtracs responded afresh to the increased interim profits with a gain of 10 at 88p. Amstrad rallied 14 to 175p on news that the company had abandoned an attempt to make a rival bid for the Ferguson television division of Thorn EMI. Investment demand left Electrocomponents 7 to the good at 506p, but Ferranti, firm recently on talk of a bid from STC, reacted 9 to 129p.

Firmer values prevailed throughout Foods, most of which were able to retrieve losses sustained on Monday. Kwik Save advanced 9 to 412p in response to the "take no action" advice to shareholders in the wake of the partial tender offer from Hong Kong-domiciled Dairy Farm International. Argyll Group rallied 8 to 479p as market operators took a more encouraging view of the full year figures which are expected tomorrow. Occasional demand also materialised for Tesco, 580p, and Dee Corporation, 241p, up 9 and 7 respectively. The sector's upturn also stimulated revived takeover chatter in ASDA-MFI, 7 up at 186p.

Food Manufacturers enjoyed a better day under the lead of Hillsdown which improved 13 to 303p, largely reflecting the efforts of a single buyer. Cadbury Schweppes, buoyed initially by publicity given to a broker's circular, attracted further demand amid thoughts that the group was "undervalued," particularly in the light of the present stake held by General Cinema of the US, and the close was 6½ up on balance at 266p.

Speculation that the new satellite racing service might incur an inquiry by the Office of Fair Trading prompted dullness in Ladbroke, which showed a sizeable loss before settling only 4 lower on balance at 422p. Bass gave up 13 to 987p.

British Aerospace failed to hold an earlier sharp gain as the company confirmed earlier market talk of an agreement worth US$1.5bn with Australian based TNT Transport Group for 72 BAe 146 "quiet Jet" freight planes over the next five years. BAe shares, up to 566p at one stage, fell back in the late trading to close unaltered on the day at 544p.

Reed International continued to attract buyers, closing 8 to the good at 612p as the market speculated on an imminent statement from US investment bank First Boston announcing a 12½ per cent stake in the company. The volume of business in Reed, however, was on a much reduced scale with some 4.2m shares traded compared with 13.7m in the previous session.

Elsewhere in the miscellaneous industrial sector, Holden Hydroman featured a jump of 55 to 270p on the recommended share exchange offer from BBA. Halma, in contrast, dipped 35 to 293p on disappointment with the preliminary figures. EIS, still reflecting Press mention, advanced 10 further to 353p, while satisfactory annual results prompted a rise of 10½ to 151p in Dwek Group. US favourite Reuters, revived with a rise of 25 at 812p, while Blue Arrow were also noteworthy for a gain of 50 at 770p. British Airways, helped by the plans for a Tokyo listing, edged up 3 to 147p, but comment on the preliminary figures left Whitecroft 4 cheaper at 320p. Press mention directed buyers to Platignum, which improved 2½ to 24p. Charter Consolidated, awaiting today's annual statement, picked up 7 to 416p. Evered fell 11 to 270p as a major broking house issued a cautious circular on the company.

Trimoco, the Bedfordshire-based Ford and General Motors distributor was clearly targeted as the next takeover stock in the sector rising 6 to 47½p following news that T. Cowie now controlled 9.8 per cent of the equity capital; Trimoco had earlier announced a special interim dividend at the annual meeting as the new chairman highlighted the group's future prospects. Cowie fell 17 to 660p, while Lookers, recently touted as a possible bid target for Cowie fell back 58 to 382p.

Leading Properties made strong headway following Press suggestions of a re-rating for property companies active in the City of London in the wake of the price paid by Japanese construction group Ohbayashi for the Financial Times building in EC4. Land Securities moved up 10 to 529p and MEPC rose 15 to 505p, while Hammerson A gained 25 to 630p. Rosehaugh were 15 higher at 975p helped by Broadgate development prospects, while Wates City of London Properties put on 11½ to 237p. Greycoat touched 412p before easing back to close 2 cheaper on balance at 406p; the preliminary figures are due tomorrow. Brookmount rose 20 to 790p in reply to the good annual figures.

Textiles again recorded several bright spots, but Corah, a good market of late on the recent management reorganisation, ran into profit-taking and reacted 19 to 117p. In contrast, Seet were firm again at 170p, up 12, while Lister also attracted buyers and put on 12 to 207p.

The trust sector came to life as the £220m acquisition of Target, the unlisted life company, by TSB, sparked off a re-assessment of several quoted trusts.

Ensign Trust, in view of its holding in Target, moved up, and the improvement in sentiment flowed over into the rest of the sector. The Murray group benefited from recommendation in an investment letter, and the M & G Group advanced sharply on good quality buying, although closing well below the best.

Elsewhere, however, turnover was somewhat lacking and price gains indicated a rally in confidence after three weak sessions, rather than any heavy weight of buying orders.

Oils traded firmly ahead of tomorrow's OPEC meeting. British Petroleum edged up 4 to 378p and Shell hardened ⅛ to £14. A broker's recommendation helped Tricentrol add a penny to 98p, but profit-taking clipped 8 from recently-firm Burmah at 578p. Enterprise were in demand at 279p, up 2, while Britoil added 2 to 319p.

Increased activity in gold mining shares reflected a rally in the gold price, and an attempt by South African stocks to pick themselves up from a weak close in New York. On London overnight levels, however, prices closed lower yesterday bringing a fall of 12.6 to 364.1 in the FT Gold Mines Index.

Traders ascribed the improvement to professional covering, backed up by a small two-way trade from Continental centres. Vaal Reefs provided the best spot, moving up by around $5 at best.

The outlook remained uncertain, however, and market makers kept trading positions in hand while awaiting a clearer trend in the currency markets.

Traded Options

The brighter face shown by the majority of the underlying share prices filtered through to traded options which attracted 36,223 calls and 17,568 puts. British Gas positions returned to the fore with 7,713 calls and 3,692 puts transacted, while dealers also reported a relatively lively turnover in British Telecom and British Airways. Elsewhere, substantial interest was noted for Amstrad which recorded 2,577 calls reflecting hopes for the group's recovery from the recent share price malaise, and for Hanson Trust with 3,257 calls transacted. Racal contributed 1,088 calls and 1,353 puts following the full-year figures.

Traditional Options

- First dealings June 8
- Last dealings June 19
- Last declaration Sept 10
- For Settlement Sept 21

For rate indications see end of Unit Trust Service

Stocks dealt in for the call included Rolls-Royce, Amstrad, Property Trust, Rotaprint, Hawthorn Leslie, Stakis, Lister, Blacks Leisure, Central and Sheerwood, Glanfield Lawrence, Martin Ford, Platignum, Talbex, Tricentrol, Bridon, Eagle Trust, Jantar, Pavion, British Gas, Stone International, Chloride, Norfolk Capital, Astra Industrial, Morgan Grenfell and STC. Puts were arranged in Bula Resources, Southend Stadium, Lister, Kellock and Marks and Spencer, while Amstrad were dealt in for the double.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	5,800	186	+7
Allied Lyons	2,400	421	+4
Amstrad	9,400	175	+14
Argyll Group	864	479	+8
Assoc. Brit. Foods	356	398	−7
BAT	1,800	597	+3
BET	346	289	+2
BOC	1,500	488	+2
BPB Inds	681	808	+4
BPCC	4,300	309	−3
BTR	801	317	+1
Barclays	787	578	+5
Bass	415	987	−13
Beecham	2,900	563	+4
Blue Circle	659	475	+6
Boots	2,300	285	+9
Brit. Airways	9,800	147	+3
Brit. Aero	6,000	544	—
Brit. & Comm.	1,4500	470	+11
British Gas	30,700	175½	−½
Britoil	2,400	319	+2
BP	7,600	378	+4
Brit. Telecom	10,000	298	+8
Bunzl	681	265	—
Burton	1,700	319	+4
Cable & Wire	2,100	410	+4
Cadbury Schwps	4,800	266	+6½
Coats Viyella	455	694	+1
Comm. Union	2,100	349½	+2½
Cons. Gold	648	978	+14
Cookson	20	715	−2
Courtaulds	235	4781	+1
Dee Corpn	2,000	241	+7
Dixons Grp	715	376	+9½
English China Clays	660	463	−3
Fisons	385	376	+3
Gen. Accident	447	£10$\frac{7}{16}$	+$\frac{3}{16}$
Gen. Elect	7,700	239	−4
Glaxo	1,500	239	+¼
Globe Investment	823	181½	—
Granada	1,700	340	+1
Grand Met	2,100	534	−5
Gus "A"	478	£13¾	+$\frac{3}{16}$
Guardian R.E.	271	£10$\frac{1}{16}$	+$\frac{1}{16}$
GKN	1,100	328	+1
Guinness	1,900	362	+4
Hanson Trust	15,000	164½	+3
Hawker Sidd.	262	527	—
Hillsdown Hldgs	5,700	303	+13
ICI	1,500	£15	+¼
Jaguar	1,200	535	−1

Stock	Volume 000's	Closing price	Day's change
Ladbroke	2,100	422	−4
Land Securities	2,200	529	+10
Legal & Gen.	818	345	+11
Lloyds Bank	321	593	−4
Lonrho	986	272½	+4½
MEPC	2,100	505	+15
Marks & Spncr	2,800	249	+4
Midland Bank	615	622	−1
NatWest Bank	765	718	—
Next	2,600	341	+7
Pearson	502	673	+5
P & O	1,000	699	—
Pilkington Bros	1,300	925	−2
Plessey	7,600	228	+½
Prudential	609	£10⅜	+¼
Racal	10,000	268	+17
Rank Org	90	776	+2
RHM	1,400	353	+1
Reckitt & Col	206	£11½	—
Redland	921	517	−6½
Reed Intl.	3,100	612	+8
Reuters	1,500	812	+25
RMC	257	493	−6
RTZ	511	£10$\frac{3}{16}$	+$\frac{1}{32}$
Rolls-Royce	8,400	119	+2
Rowntree Mac	214	525	−1
Ryl Bank Scotland	491	351	−1
Royal Insurance	2,400	483	+9
STC	6,900	285	−10
Saatchi & Saatchi	1,000	669	+22
Sainsbury	527	575	+1
Scott & Newcastle	1,900	237	−1
Sears	4,900	156½	+1½
Sedgwick	1,200	301	+2
Shell Trans	4,000	£13$\frac{13}{16}$	+⅛
Smith & Nephew	1,200	174½	−1
Standard Chart	264	754	+2
Storehouse	2,800	290	+3
Sun Alliance	281	995	+10
TSB	4,200	95¼	−2
Tarmac	927	293	+5
Tesco	1,400	580	+9
Thorn EMI	1,300	725	−2
Trafalgar House	395	382	—
T'house Forte	1,400	259	+1
Unigate	757	404	—
Unilever	180	£33⅛	+$\frac{3}{16}$
United Biscuits	911	312	+2
Wellcome	570	424	−3
Whitbread "A"	373	345	+4
Woolworth	1,000	411	+10

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (220)

AMERICANS (16). CANADIANS (2). BANKS (4). BUILDINGS (5). CHEMICALS (7). STORES (5). ELECTRICALS (17). ENGINEERING (10). FOODS (1). HOTELS (3). INDUSTRIALS (39). INSURANCE (3). LEISURE (5). MOTORS (5). NEWSPAPERS (1). PAPER (7). PROPERTY (13). SHIPPING (3). TEXTILES (4). TRUSTS (57). OILS (9). OVERSEAS TRADERS (1). PLANTATIONS (2). MINES (1).

NEW LOWS (5)

AMERICANS (1) BASIX Corp. NEWSPAPERS (1) News Int. Spec. Div. OVERSEAS TRADERS (1) Utd. Plants. Africa. MINES (2) Aquarius Expln, Mincil Securities

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	78	23	12
Corporations, Dominion and Foreign Bonds	8	13	38
Industrials	443	515	598
Financial and Properties	237	117	244
Oils	31	28	55
Plantations	3	2	9
Mines	27	105	56
Others	115	42	94
Totals	942	845	1,106

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Tuesday June 23 1987

Figures in parentheses show number of stocks per section

		Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Mon June 22 Index No.	Fri June 19 Index No.	Thurs June 18 Index No.	Year ago (approx.) Index No.
1–69	[illegible]										
71	Investment Trusts (93)	1077.46	+0.7	—	2.22	—	10.58	1069.44	1068.05	1070.42	750.20
81	Mining Finance (2)	497.16	+2.0	6.15	3.34	19.12	6.79	487.32	492.42	490.05	264.94
91	Overseas Traders (11)	1046.80	+0.4	8.68	4.43	13.67	22.64	1042.93	1051.35	1052.56	668.91
99	ALL-SHARE INDEX(724)	1136.17	+0.7	—	3.08	—	13.26	1127.96	1137.25	1149.23	801.84

	Index No.	Day's Change	Day's High	Day's Low	June 22	June 19	June 18	June 17	June 16	Year ago
FT-SE 100 SHARE INDEX ♣	2265.5	+20.9	2266.8	2234.6	2244.6	2266.1	2293.2	2320.4	2309.0	1624.9

FIXED INTEREST

	PRICE INDICES	Tues June 23	Day's change %	Mon June 22	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	123.47	+0.09	123.36	—	5.53
2	5-15 years	141.97	+0.31	141.53	—	7.22
3	Over 15 years	152.45	+0.54	151.63	—	6.85
4	Irredeemables	167.33	+0.26	166.90	—	6.30
5	All stocks	138.69	+0.29	138.29	—	6.64
	Index-Linked					
6	5 years	121.87	−0.12	122.01	—	1.57
7	Over 5 years	116.38	−0.57	117.05	—	1.71
8	All stocks	116.66	−0.53	117.28	—	1.69
9	Debentures & Loans	122.82	−0.34	123.23	—	5.86
10	Preference	89.27	−1.17	90.33	—	3.01

	AVERAGE GROSS REDEMPTION YIELDS		Tues June 23	Mon June 22	Year ago (approx.)
	British Government				
1	Low	5 years	8.08	8.11	7.66
2	Coupons	15 years	8.98	9.03	9.04
3		25 years	9.00	9.05	9.11
4	Medium	5 years	9.16	9.20	9.20
5	Coupons	15 years	9.21	9.27	9.35
6		25 years	9.21	9.27	9.36
7	High	5 years	9.32	9.37	9.31
8	Coupons	15 years	9.34	9.39	9.51
9		25 years	9.09	9.13	9.38
10	Irredeemables †		8.96	8.98	8.90
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	2.49	2.45	3.76
12	Inflat'n rate 5%	Over 5 yrs	3.73	3.70	3.38
13	Inflat'n rate 10%	5 yrs	2.14	2.09	2.52
14	Inflat'n rate 10%	Over 5 yrs	3.66	3.62	3.22
15	Debs &	5 years	9.86	9.82	9.99
16	Loans	15 years	10.15	10.11	10.23
17		25 years	10.25	10.20	10.29
18	Preference †		10.17	10.05	10.47

♣ Opening index 2235.5; 10 am 2252.5; 11 am 2255.5; Noon 2260.2; 1 pm 2266.0; 2 pm 2265.3; 3 pm 2263.0; 3.30 pm 2262.0; 4 pm 2264.4

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

[illegible]

June 23. Total Contracts 53,791. Calls 36,223. Puts 17,568.

FT-SE Index Calls 1,142. Puts 2,083.

*Underlying security price.

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA

June 23	Price Sch%	+ or −
Creditanstalt	1910.00	......
Goesser	2660.00	......
Interunfall	108.50	+.10
Jungbunzlauer	7240	+40
Laenderbank	1785.00	+5
Perlmooser	687.00	+2
Steyr-Daimler	120.00	−4
Veitscher Mag	728.00	−2

BELGIUM/LUXEMBOURG

June 23	Price Frs.	+ or −
B.B.L.	3250	−10
Banque Gen. Du L.	15300	......
Bank Int. A	14300	......
Bekaert B	10975	+450
Ciment CBR	5500	+100
Cockerill	176	+3
Delhaize	3325	+50
EBES	5020	+20
Fabrique Nat	1580	−45
GB Inno BM	1170	−18
GBL (Brux) L	3725	−50
Generale Bank	6390	+40
Gevaert	6900	+110
Hoboken	7380	......
Intercom	3965	+50
Kredietbank	4680	+20
Pan Holdings	12500	......
Petrofina	11800	+500
Royale Belge	6050	−50
Soc Gen Belge	3670.00	+90
Sofina	14200	+150
Solvay	12325	......
Stanwick Intl.	450	......
Tractebel	7210	+10
UCB	9440	......
Wagons Lits	5,550	+120

DENMARK

June 23	Price Kr %	+ or −
Baltica Skand	960	......
Cop Handelsbank	289	......
D. Sukkerfab	323	......
Den Danske Bank	365	......
East Asiatic	208	......
Forenede Brygg	845	......
GNT Holding	264	......
I.S.S.B. Systems	785	......
Jyske Bank	545	......
Novo Inds.*	275	......
Privatbanken	285	......
Sophus Berendsen	925	......
Superfos	238	......

FINLAND

June 23	Price Mka	+ or −
Amer	220	−1
KOP	50.0	+0.3
Kone	214	−6
Finnish Sugar	87	−1
Nokia	172	+1.5
Pohjola 'B'	82.9	+0.1
Rauma-Repola	27.5	+0.5
Stockmann 'B'	243	−0.5
UBF 'C'	33.4	−0.05
Utd. Paper	150	−0.5
Wartsila (S11)	210	+1.5

FRANCE

June 23	Price Frs.	+ or −
Emprunt 4½% '73	1905	......
Emprunt 7% 1973	8770	−55
Accor	458.00	+3
Agence Havas	520.00	+2
Air Liquide	676	+11
BIC	750	+22
BNP (Cert. Inv.)	540	+6
Bongrain	2700	+35
Bouygues	1070	+29
BSN Gervais	4941	−19
CIT-Alcatel	2458	−2
Carrefour	3181	+41
Club Mediterranean	601.00	+25
Cie Bancaire	685	−1
Cofimeg	370.00	+2.5
CGE	325.00	+4
Damart	2630	−60
Darty	399	+6
Dumez S.A.	2205	+63
Eaux (Cie Gen)	1195	+15
Elf-Aquitaine	372.00	+1.5
Essilor	3510	−10
Gen. Occidentale	1205	+37
Imetal	121.30	+4.2
Lafarge Coppee.	1538	+18
L'Oreal	4080	+40
Legrand	5410	+40
Maisons Phenix	79.90	+0.7
Matra S.A.	2350	+102
Michelin B.	3165	+16
Midi (Cie)	1330	+5
Moet-Hennessy	2510	−10
Moulinex	77	−2
Nord Est	168.00	+8.9
Paribas	460.00	+9
Pernod Ricard	1008	+33
Perrier	752	+7
Petroles Fra	480.00	+1
Peugeot S.A.	1517	+17
Printemps Au	710	−4
Radiotech	1470	+65
Redoute	3020	+66
Roussel-Uclaf	1485	+9
St. Gobain	429.50	+1.5
Sefimeg	495	+5
Skis Rossignol	1185	+23
Telemech Elect	2960	+35
Thompson (CSF)	1370	......
Valeo	578.00	......

GERMANY

June 23	Price Dm.	+ or −
AEG	317.00	−0.5
Allianz Vers	1830.00	+3
BASF	315.50	+6.5
Bayer	349.70	+6.6
Bayer-Hypo	423.50	+16.5
Bayer-Verein	416.50	+12.5
BHF-Bank	435.00	+1
BMW	666.00	+7
Brown Boveri	314.00	−5.5
Commerzbank	273.00	+2
Cont'l Gummi	347.20	−2
Daimler-Benz	1120.00	+6
Degussa	480.00	−2
D'sche Babcock	238.50	+0.5
Deutsche Bank	646.80	+7.3
Dresdner Bank	336.00	+2
Feld Muehle Nob	304.00	−0.5
Henkel	538.00	−2
Hochtief	635.00	+5
Hoechst	300.00	−2
Hoesch Werke	125.00	+0.5
Holzmann (P)	385.00	+2
Horten	228.00	+3
Hussel	570.00	−2
Karstadt	457.00	+8
Kaufhof	474.00	−7
KHD	177.50	−0.5
Kloeckner	42.10	......
Linde	733.00	+1
Lufthansa	185.00	+3.5
MAN	170.20	+3.2
Mannesmann	164.00	+4
Mercedes Hld.	951.00	−4
Metallgesell	325.00	+2
Muench Rueck	1820	+68
Nixdorf	830.00	+8.5
Porsche	980.00	+0.5
Preussag	153.50	+0.5
Rhein West Elect.	215.50	+0.5
Rosenthal	275.00	+11
Schering	568.00	−9
Siemens	747.50	+7.5
Thyssen	124.00	+2
Varta	350.00	−2
Veba	315.00	−1
V.E.W.	170.00	−2.5
Verein-West	412.00	+4
Volkswagen	409.00	+11.6

ITALY

June 23	Price Lire	+ or −
Banca Com'le	23,630	......
Bastogi-IRBS	666	+2
CIR	6,095	+20
Credito Italian	2,101	+49
Fiat	13,240	+70
Generali Assicur	134,900	+500
Italcement	99,350	+800
La Rinascenti	1,260	−9
Montedison	2,527	−18
Olivetti	13,800	+250
Pirelli Co	6,585	−15
Pirelli Spa	5,149	+19
Saipem	3,600	−10
Snia BPD	3,770	+10
Toro Assic	33,000	+100

NETHERLANDS

June 23	Price Fls.	+ or −
ACF Holding	62	+0.2
AEGON	95.50	−1
Ahold	100.20	−1.3
AKZO	147.70	+1.7
ABN	475	......
AMEV	65.60	−0.4
AMRO	75.50	+0.5
Bredero Cert	34	−0.5
Buehrmann-Tet	53	−0.3
Dordtche Petroleum	241.50	−1.5
Elsevier Ndu	52.10	+0.3
Fokker	57.40	+0.3
Gist Brocades	44.60	−0.4
Heineken	181	+2.2
Hoogovens	43	−0.5
Hunter Douglas	55.20	+3.7
IHC Caliand	23.20	+1.4
Int Mueller	63	......
KLM	51.20	−0.9
KNP	146.50	......
Nat Ned Cert	74.80	+1.1
Ned Mid Bank	159	−0.5
Ned Lloyd	146.70	+1.5
Oce Grinten	430	+2
Ommeren (Van)	36	+0.7
Pakhoed	75	−2
Philips	52	+0.3
Robeco	107.40	+0.9
Rodamco	146.40	+0.2
Rolinco	100.50	+0.7
Rorento	52.40	−0.1
Royal Dutch	264.80	−0.7
Unilever	679.80	−7.2
VMF Stork	25	−0.5
VNU	84.80	+0.6
Wessanen	85	−1
Wolters Samsom	130.90	−2.1

NORWAY

June 23	Price Kroner	+ or −
Aker-Norcem	73	......
Bergen bank	170.5	+0.5
Bergesen B	380	−2.5
Christiania Bk	177.5	−0.5
Den Norsk Credit	152.5	+1.5
Elkem	103.50	......
Kosmos	142	−1
Kvaerner	208	+0.5
Norsk Data	220	+1
Norsk Hydro	200.5	−1.5
Orkla Borregaar	397	+0.5
Storebrand	350	+1

SPAIN

June 23	Price Pts.	+ or −
Banco Bilbao	1345.00	+20
Banco Central	1020.00	......
Banco Exterior	445.00	......
Banco Hispano	510.00	+15
Banco Popular	1585.00	+35
Banco Santander	1150.00	+5
Banco de Vizcay	1850.00	+30
Banesto	773.00	−1
Dragados	787.50	+37.5
Hidrola	75.70	+3.2
Iberduero	111.50	+4.5
Petroleos	528.50	−1.5
Telefonica	204.70	+8.2

SWEDEN

June 23	Price Kronor	+ or −
AGA (free)	204	+2
Alfa-Laval	315	......
ASEA (Free)	350	+8
Astra (Free)	285	......
Atlas Copco	173	......
Beijer A Fria	229.5	−0.5
Cardo (Free)	235	......
Cellulosa	348	......
Electrolux B	288.5	−0.5
Ericsson	256	+1
Esselte	148	......
Mo Och Domsjo	390	......
Pharmacia	206.5	−0.5
Saab-Scania (free)	619	......
Sandvik	171	−1
Skandia	153.5	−0.5
Skan Enskilda	127.5	−0.5
SKF	340	−2
St. Kopparbergs	389.5	+1.5
Svka Handelsbn	445	......
Swedish Match	104	......
Volvo B (Free)	315	......

SWITZERLAND

June 23	Price Frs.	+ or −
Adia Intl.	11950	−50
Alusuisse	663	+3
Bank Leu	3250	......
Brown Boveri	2485	−25
Ciba Geigy	3640	−30
do. (PtCts)	2465	−10
Credit Suisse	3180	+5
Elektrowatt	3650	+50
Fischer (Geo.)	1500	−20
Hoff-Roche (Pt Cts)	133000	−1250
Hoff-Roche 1/10	13350	−125
Jacobs Suchard	8825	+25
Jelmoli	3600	+25
Landis & Gyr	1630	+5
Nestle	9700	−200
Oer-Buhrle	1310	+60
Pargesa Hldg	2185	+30
Pirelli	423	......
Sandoz (Br)	12200	−200
Sandoz (PtCts)	2170	−5
Schindler (PtCts)	850	......
Sika	1570	......
Surveillance	6500	−200
Swissair	1395	+5
Swiss Bank	474	......
Swiss Reinsce	17250	+550
Swiss Volksbk	2130	−10
Union Bank	4780	−20
Winterthur	6700	−50
Zurich Ins	6700	−25

AUSTRALIA

June 23	Price Aust$	+ or −
ACI Int.	4.00	......
A.F.P.	2.30	−0.05
Adelaide Steams	8.14	−0.06
Amcor	4.52	−0.13
ANZ Group	4.12	−0.03
Ampol Pet	3.10	......
Ariadne Aust	2.80	......
Ashton	3.35	−0.2
Aust Guarant	2.80	......
Aust Nat Inds	1.90	−0.03
Bell Group	8.10	−0.24
Bell Resources	4.05	−0.03
Bond Corp Hldgs	2.48	......
Boral	4.90	−0.12
B'ville Copper	3.70	−0.35
Brambles Inds	9.00	−0.1
Bridge Oil	1.50	−0.06
BHP	9.76	−0.18
BHP Gold	1.27	......
Burns Philp	4.20	......
CRA	8.68	−0.42
CSR	4.06	......
Chase Corp	2.80	......
Claremont Petro	1.10	−0.02
Coles Myer	6.90	−0.14
Comalco "A"	3.45	−0.1
Consolidated Pet	0.17	−0.02
Costain Aust	2.70	..
Elders IXL	4.50	......
Energy Res	2.60	−0.05
Gen Prop Trust	3.27	−0.03
Goodman Fielder	3.80	+0.05
Hardie (J.)	3.50	−0.1
Hartogen Energy	3.30	−0.1
ICI Aust	4.10	−0.05
Industrial Equity	4.55	−0.05
Jimberlana (50cFP)	0.45	−0.08
Jones (David)	10.30	......
Kia Ora Gold	0.90	−0.05
Kidston Gold	5.90	−0.6
Lend Lease	14.00	......
MIM	2.08	−0.1
Mayne Nickless	4.70	......
Nat. Aust. Bank	4.75	......

AUSTRALIA (Continued)

June 23	Price Aust$	+ or −
News	18.20	−0.4
Noranda Pacific	3.20	−0.35
North Bkn Hill	2.62	−0.13
Oakbridge	0.62	+0.02
Pacific Dunlop	4.65	−0.15
Pancont'l	3.30	−0.3
Pioneer Conc	3.32	−0.03
Placer Pacific	2.90	−0.3
Poseidon	4.70	−0.7
Queensland Coal	1.55	+0.05
Santos	6.74	−0.12
Smith (H.)	4.70	......
Thos Natwide	4.20	−0.1
Tooth	8.00	−0.1
Vamgas	3.70	......
Western Mining	5.78	−0.16
Westpac	4.95	......
Woodside Petrol	2.20	......
Woolworths	3.35	......
Wormald Intl	3.30	......

HONG KONG

June 23	Price H.K.$	+ or −
Bank East Asia	24.00	−0.5
Cathy Pacific	6.35	......
Cheung Kong	13.00	......
China Light	23.30	−0.1
Evergo	0.66	+0.01
Hang Lung	14.30	......
Hang Seng Bank	37.50	−0.25
Henderson Land	6.55	−0.15
Hong Kong China	17.80	+0.2
HK Electric	9.35	+0.05
HK Land	7.00	......
HK Shanghai Bank	8.90	+0.1
HK Telephone	13.70	−0.1
Hutchison Wpa	12.60	......
Indust Equity P	20.40	+0.1
Jardine Math	18.00	−0.1
New World Dev	12.40	−0.2
SHK Props	15.80	−0.3
Shell Elec. Mfg.	1.43	−0.02
Swire Pac A	23.00	−0.3
TV-B	14.10	−0.1
Wharf Hldgs	8.50	+0.05
Windsor Ind.	12.00	−0.3
World Int Hldgs	3.97	+0.05

JAPAN

June 23	Price Yen	+ or −
Ajinomoto	3370	−30
All Nippon Air	1850	+50
Alps Electric	2550	+130
Asahi Chemicals	1160	−10
Asahi Glass	2060	+10
Bank Tokyo	1690	+40
Bridgestone	1170	+10
Brother Inds.	671	+4
Canon	1030	+80
Casio Computers	1410	+80
Chugai Pharm	1800	−30
Daiei	1850	−20
Dai Ichi Kan Bank	3600	−60
Dai Nippon Ink	748	+13
Dai Nippon Ptg	2330	+90
Daiwa House	2230	+80
Daiwa Sec	2910	+60
Eisai	2030	−10
Fanuc	6000	+200
Fuji Bank	3600	−30
Fuji Film	3990	+220
Fujisawa	1940	−50
Fujitsu	1200	+30
Fujisawa Elect	767	+11
Green Cross	2640	−60
Heiwa Real Est	1780	+10
Hitachi	1220	+100
Hitachi Credit	1660	−90
Honda	1790	+30
Indl Bank Japan	4600	−200
Ishikawajima Ha	664	−21
Isuzu Motors	410	−5
Itoh (C)	783	+3
Ito Yokado	4050	......
JAL	14000	......
Jusco	1620	+50
Kajima	1690	+40
Kao Soap	2060	−30
Kawasaki Steel	243	−11
Kirin	2660	+30
Kobe Steel	270	−9
Komatsu	662	+23
Konishiroku	950	+81
Kubota	576	−15
Kumagai	1050	−30
Kyoto Ceramic	6200	+300
Marubeni	510	−9
Marui	3460	......
Mazda Motors	450	+15
Meiji Seika	1110	−10
MEI	2290	+190
M'bishi Bank	3550	−50
M'bishi Chem	1140	......
M'bishi Corp	1310	−20
M'bishi Elec	610	+25
M'bishi Estate	2650	+20
MHI	577	−5
Mitsui Bank	2550	−110
Mitsui Co.	790	+17
Mitsui Estate	2520	......
Mitsui Toatsu	745	+10
Mitsukoshi	1790	+10
NGK Insulators	945	+24
Niko Sec.	2440	−10
Nippon Denso	1660	+70
Nippon Elect	2180	+170
Nippon Express	1260	−10
Nippon Gakki	1700	+70
Nippon Kogaku	885	+52
Nippon Kokan	275	−20
Nippon Oil	1360	−40

JAPAN (Continued)

June 23	Price Yen	+ or −
Nippon Seiko	560	+19
Nippon Shimpan	1370	......
Nippon Steel	319	−10
Nippon Suisan	618	......
Nippon Yusen	605	+2
Nissan Motor	738	+23
Nisshin Flour	1190	−110
Nomura	4790	+20
Olympus	1200	+40
Onoda Cement	705	−25
Orient Finance	1580	−20
Orient Leasing	4010	+110
Pioneer	3100	+170
Ricoh	1100	+50
Sankyo	1790	−10
Sanwa Bank	2930	......
Sanyo Elect	560	+47
Sapporo	1990	+10
Sekisui House	2330	+30
Seven-Eleven	8350	−40
Sharp	1250	+140
Shimizu Const.	960	−20
Shionogi	1670	+20
Shiseido	2060	−40
Showa Denko	643	+13
Sony	4340	+260
S'tomo Bank	4240	−10
Sumitomo Chem	906	+8
Sumitomo Corp	1050	+10
S'tomo Elect	1870	+70
S'tomo Metal	223	−6
Taisei Corp	1040	−40
Taisho Marine	1250	......
Taiyo Kobe Bank	1660	−60
Takeda	3230	+20
TDK	4250	+320
Teijin	810	−14
Toa Nenryo Kyo	2140	+10
Tokai Bank	2280	+30
Tokyo Marine	2250	+30
Tokyo Elect Pwr	6900	+90
Tokyo Gas	1130	−20
Tokyu Corp	1750	−70
Toppan Print	1670	+40
Toray	725	+2
Toshiba Elect	726	+30
Toyo Seikan	2400	−30
Toyota Motor	2100	+100
UBE Inds	465	−10
Victor	3100	+90
Yamaha	875	+30
Yamaichi Sec	2400	+20
Yamanouchi	3990	−30
Yamazaki	1660	+60
Yasuda Fire	1150	−20

SINGAPORE

June 23	Price $	+ or −
Boustead Hldgs	2.01	+0.01
Cerebos Pacific	5.80	......
Cold Storage	4.66	+0.4
DBS	13.70	......
Genting	6.40	......
Haw Par Bros	4.88	......
Hong Leong Fin.	4.52	+0.1
Inchcape Bhd	5.75	+0.19
Keppel Shipyard	3.60	......
Malay Banking	7.70	−0.05
Malayan Utd. Ind.	2.48	−0.01
Multi Purpose	0.93	......
OCBC	9.30	+0.05
OUB	4.48	+0.02
Public Bank	2.56	......
Sime Darby	3.44	+0.02
Singapore Air	13.30	......
Singapore Press	8.50	+0.05
Straits Trading	4.20	+0.02
Tat Lee Bank	3.50	......
UOB	5.60	+0.05

SOUTH AFRICA

June 23	Price Rand	+ or −
Abercom	3.20	+0.05
AE & CI	18.00	−0.25
Allied Tech.	150	......
Anglo Am Coal	34.50	......
Anglo Am Corp	78.00	−1.75
Anglo Am Gold	349.00	+1.5
Barclays Bank	21.75	−0.5
Barlow Rand	24.50	−0.2
Buffels	65.00	......
CNA Gallo	4.45	......
Currie Finance	5.50	......
De Beers	37.75	−0.25
Driefontein	76.25	−0.75
Freegold	48.00	......
Gold Fields SA	75.75	+4.75
Highveld Steel	6.70	−0.3
Malcor Hldgs	19.50	−0.2
Nedbank	8.55	......
OK Bazaars	18.25	......
Rembrandt	15.00	......
Rust Plat	52	−1.87
Safren	28.00	......
Sage Holdings	17.25	......
SA Brewers	18.50	−0.1
Smith (C.G.)	44.00	+0.5
Tongaat Hulett	12.40	......

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Closing prices June 23

Sales	Stock	High	Low	Close	Chng
800	Celanese	\$21½	21¼	21¼	−⅛
12800	CentFd A	\$8¾	8⅝	8⅝	−¼
1100	Chieftan	\$14⅛	14⅛	14⅛	−⅛
3200	CHUM B f	\$15	15	15	
35288	Cominco	\$17	16¾	16¾	−¼
176590	Computlog	\$7¼	6¾	7	+⅛
1000	Comput In	310	310	310	+5
4700	Comterm	95	90	95	
15424	Jannock	\$19¾	19¼	19½	+⅜
10898	Kerr Add	\$22¼	22¼	22¼	+¼
200	Kiena Gld	\$20¼	20¼	20¼	−⅛
23158	Labatt	\$25¾	25⅜	25½	−¼
48970	LL Lac	\$40	38½	40	+1⅜
52130	Lacana	\$16	15½	16	+⅛
10438	Laidlaw A	\$21½	20⅝	20⅝	−⅜
402888	Royal Bnk	\$33¾	32⅞	33¼	
27150	RyTrco A	\$16¾	16½	16¾	+¼
87400	Royex	\$5⅛	495	5	+5
5080	SHL Syst	\$28	27½	28	+⅜
8100	St. CemA f	\$26½	26¼	26½	
6700	Sceptre	480	470	470	−5
4188	Scot Paper	\$19¾	19⅝	19⅝	−⅛

MONTREAL

Closing prices June 23

Sales	Stock	High	Low	Close	Chng
52172	Power Corp	\$17⅜	16½	16½	−¾
61307	Provigo	\$12⅛	11⅞	12	
1200	RollandA	\$15¼	15¼	15¼	
58489	Royal Bank	\$33¼	32⅞	33¼	−⅛
4305	SteinbrgA	\$36¾	36½	36⅛	−½
5825	Video Tron	\$15⅞	15½	15¾	+¼

Total Sales 5,738,472 shares

Indices

NEW YORK-DOW JONES

	June 23	June 22	June 19	June 18	June 17	June 16	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Industrials	2,438.73	2,445.51	2,420.85	2,408.13	2,407.35	2,407.35	2445.51 (22/6/87)	1827.31 (2/1)	2445.51 (22/6/87)	41.22 (2/7/32)
Transport	1,029.27	1,027.20	1,028.84	1,026.81	1,022.80	1,019.3	1029.53 (12/6/87)	816.38 (2/1)	1029.53 (12/6/87)	12.32 (8/7/32)
Utilities	208.14	206.76	205.55	204.11	203.87	203.25	227.83 (22/1/87)	191.38 (20/5)	227.83 (8/4/87)	10.5 (8/4/32)
Trading vol	—	178.21m	222.77m	168.79m	184.72m	157.79m	—	—	—	—

	June 19	June 12	May 29	Year Ago (Approx)
Ind Div Yield %	2.81	2.83	2.93	3.68

STANDARD AND POORS

	June 23	June 22	June 19	June 18	June 17	June 16	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Industrials	357.31	359.14	355.88	354.22	353.22	353.04	353.22 (17/6/87)	274.58 (2/1/87)	353.22 (17/6/87)	3.82 (21/6/32)
Composite	308.43	309.65	306.97	305.88	304.81	304.76	309.65 (22/6/87)	246.45 (2/1/87)	309.65 (22/6/87)	4.40 (1/6/32)

	June 3	May 27	May 20	Year Ago (Approx)
Ind div yield %	2.51	2.55	2.64	3.86
Ind. P/E Ratio	22.43	21.97	21.21	17.23
Long Gov Bond Yield	8.83	8.85	8.87	8.07

N.Y.S.E. ALL COMMON

June 23	June 22	June 19	June 18	1987 High	1987 Low
173.22	173.77	172.57	171.84	173.88 (22/6)	141.81 (21/1)

RISES AND FALLS

	June 22	June 19	June 18
Issues traded	1,865	1,981	1,953
Rises	800	989	789
Falls	671	610	724
Unchanged	394	382	440

TORONTO

	June 23	June 22	June 19	June 18	1987 High	1987 Low
Metals & Minls	2,771.8	2,818.38	2,874.3	2,836.5	2,943.6 (11/5/87)	1,988.2 (2/1/86)
Composite	3,681.9	3,706.57	3,740.28	3,720.7	3,881.2 (8/4/87)	3,067.8 (2/1/88)
MONTREAL Portfolio	1,873.23	1,882.80	1,886.15	1,877.75	1,935.9 (8/4/87)	1,534.3 (2/1/85)

* Indicates pre-close figure

	June 23	June 22	June 19	June 18	1987 High	1987 Low
AUSTRALIA All Ord (1/1/80)	1742.0	1774.1	1798.4	1798.2	1858.8 (18/5)	1496.7 (2/2)
Metals & Minerals (1/1/80)	999.3	1046.7	1092.8	1087.9	1287.5 (18/5)	729.1 (2/1)
AUSTRIA Credit Aktien (30/12/84)	182.96	182.26	182.21	(c)	230.60 (2/1)	182.21 (19/6)
BELGIUM Brussels SE (1/1/84)	4741.07	4703.00	4674.76	4674.31	4741.07 (23/6)	3987.86 (9/1)
DENMARK Copenhagen SE (3/1/83)	(u)	210.81	211.18	211.40	217.57 (22/1)	189.64 (6/1)
FINLAND Unitas General (1975)	542.8	542.2	(c)	542.7	545.9 (15/6)	425.2 (5/1)
FRANCE CAC General (31/12/82)	408.60	401.90	400.60	409.80	460.4 (26/3)	392.0 (2/1)
Ind Tendance (31/12/86)	102.00	100.30	99.40	100.20	117.2 (26/3)	97.8 (2/1)
GERMANY FAZ Aktien (31/12/58)	633.29	625.44	615.73	(c)	676.84 (6/1)	538.32 (19/3)
Commerzbank (1/12/53)	1914.70	1889.30	1858.40	(c)	2048.3 (6/1)	1633.8 (19/3)
HONG KONG Hang Seng Bank (31/7/64)	3110.41	3131.19	3165.64	3133.74	3178.62 (17/6)	2449.88 (20/1)
ITALY Banca Com. Ital (1972)	709.24	707.58	711.40	715.99	767.34 (30/4)	673.60 (3/3)
JAPAN** Nikkei (16/5/49)	24794.91	24640.35	25288.12	25750.55	25929.42 (17/6)	18544.0 (13/1)
Tokyo SE New (4/1/68)	2117.29	2109.07	2174.81	2221.82	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS ANP CBS Gen (1970)	303.20	303.60	297.40	298.00	303.60 (22/6)	257.7 (28/1)
ANP CBS Indust. (1970)	260.60	261.40	256.00	255.60	274.9 (5/1)	243.60 (11/6)
NORWAY Oslo SE (4/1/83)	434.82	435.48	433.48	432.71	436.16 (24/4)	361.98 (2/1)
SINGAPORE Straits Times (30/12/66)	1249.24	1244.21	1237.39	1235.17	1249.24 (23/6)	889.08 (2/1)
SOUTH AFRICA JSE Gold (28/9/78)	(u)	1964.0	2051.0	2056.0	2308.0 (27/4)	1786.0 (19/3)
JSE Indust (28/9/78)	(u)	1894.0	1902.0	1897.0	1957.0 (19/5)	1423.0 (2/1)
SPAIN Madrid SE (30/12/85)	238.91	234.47	230.22	(C)	255.95 (23/2)	202.89 (8/5)
SWEDEN Jacobson & P. (31/12/56)	(u)	(U)	(C) .30	2712.30	2782.10 (6/5)	2111.39 (28/1)
SWITZERLAND Swiss Bank Corp (31/12/58)	613.10	613.30	603.30	599.30	613.30 (22/6)	564.5 (25/2)
WORLD M.S.Capital Intl. (1/1/70)	(u)	468.30	473.40	477.70	480.30 (12/6)	361.3 (2/1)

**Saturday June 20: Japan market closed.

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

LONDON — Most Active Stocks
Tuesday, June 23, 1987

	Stocks Traded	Closing Price	Change on Day
Brit Gas	38.7m	175½	− ½
Hanson Tr.	15.0m	164½	+ 3
Brit Telecom	10.8m	298	+ 8
Racal	10.0m	268	+17
Brit Airways	9.8m	147	+ 3
Amstrad	9.4m	175	+14
Ells Rycn	8.4m	118	+ 2
Gen Elect	7.7m	238	− 4
BP	7.6m	378	+ 4
Plessey	7.6m	228	+ ½

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day
ATT	7,407,300	28⅜	− ¼
Dayton Hud	4,353,200	54¼	+ ¼
Bk Tx Grp	2,815,800	1³⁄₁₂₈	− ¹⁄₁₂₈
Comw Ed	1,850,900	36	− ⅜
IBM	1,688,300	163	− ¼
Fin Corp	1,651,200	4½	−1
Gillette	1,534,700	38⅜	− ½
Gen Elec	1,527,500	54⅜	− ⅜
Hanson Tr	1,494,100	13⅝	+ ⅛
K Mart	1,316,200	44⅛	+ ⅞

Advances 438 Declines 828

LONDON Chief price changes
(in pence unless otherwise indicated)

RISES:

Fund. 3½pc'99-04	£58¹⁵⁄₁₆	+ 1
Abbey Life	267	+10
Argyll Gr.	479	+ 8
Brit. Telecom	298	+ 8
Cad. Schweppes	286	+ 6½
Dwek	151	+10½
Hillsdown	303	+13
Holdn Hydrmn	270	+55
ICI	£15	+¼
Lnd Secs	529	+10
MEPC	505	+15
Racal Elec.	288	+17
Reed Intl.	612	+ 8
Trimoco	47½	+ 6

FALLS:

Corah	117	− 9
Lookers	382	−58
Redland	517	− 6½

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 47

Stock	Div.	Sales (Hnds)	High	Low	Last	Chng
Noxell	.64	31 89	61½	60¾	61	− ¾
Numrc	.56	13 27	22½	22¼	22½	+ ¼
RPM	.72	20 845	21½	20¾	20⅞	− ⅛
RadSys		14 185	9¾	9½	9½	− ⅛
Rainer	1.16	16 882	53½	53¼	53¼	− ¼
SoftwA		19 427	13½	13⅛	13⅜	− ⅛
StwPb		23 94	10⅜	10¼	10¼	− ⅛
SomrSv		36	13⅜	13⅛	13⅜	+ ¼
SonocPs		22 174	29	28¾	29	
UBCol	1.08	11 238	19½	19¼	19½	+ ⅛
UnCosF	.50	6 38	18½	18¼	18½	+ ¼
UHltCr		17 350	6¼	6	6⅛	
UtdSvrs	.72	8 41	28¾	28¼	28½	¼
ProtLife	.70	10 639	14⅜	14¼	14⅜	− ⅛
PrvLfe	.84	6 684	20¾	20⅛	20⅝	− ½
PgSdBs	.72	11 189	26¾	26	26	−1
PultzPb	.40	36 22	u42½	41¾	41¾	− ½
PuritBe		25 881	27¾	26½	27¼	− ½
PyrmT		7	11⅛	10⅞	10⅞	+ ⅛
QMeds		857	11	10⅝	10⅞	− ⅛
QVC		513	10¼	9½	9½	− ¼
Quadrx		509	8⅝	8¼	8½	+ ¼
Quantm		19 1195	18	17½	17¾	− ¼
Quikslv		20 141	12	11¾	11¾	
SilcnGr		58 595	21¾	20¾	21	− ½
SiliconS		23 1047	10⅝	10	10⅛	
Silicnx		34 168	11	10½	10⅝	
SilvLis		192 258	5¾	5½	5¾	+ ¼
SlvStMn		40 3774	2⅝	2⅛	2⅝	+ ⅛
SimAir		7 195	8⅝	8⅜	8⅝	
Sizlers		26 211	21	20½	20½	− ½
SmthFs		11 19	20⅞	20¾	20¾	− ⅛
Socletys	1.20	9 181	33¾	33¼	33¼	
SoclySv	.36	12 31	22⅜	22¼	22¼	
20Cntn	.32	18 2358	u25	23⅞	24¼	+ ⅞
TycoTy		11 708	12⅛	12	12	− ⅛
Tysons		20 1011	18⅜	17⅞	18⅜	+ ⅜
UTL		24 243	16⅜	16⅛	16¼	+ ⅛
Ungmn		675 805	13¾	13⅜	13½	− ⅛
Unifi		17 255	15⅜	15	15	− ¼
UnFedl	.20	4 286	19¾	19½	19½	− ⅛
UnPlntr	.20a	15 1333	35¼	34½	34¾	− ¼
XOMA		1006	20½	19¾	20	
Xicor		218	12⅝	12⅜	12⅜	−
Xidex		41 1685	12¼	11¾	11⅞	−
Xylogic		18 208	15½	15¼	15¼	
Xyvsn		38 875	17¾	16¾	17	
YlowFs	.62	16 2876	33½	33¼	33⅜	+
ZZBest		5264	6½	5¾	6	−
ZZBstwt		223	4¼	3⅞	4	−
ZenNtl	.80	12 260	21	20¼	20¼	−
ZionUt	1.44	13 311	42½	41¾	42	−

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
35	20⅛	AAR s	.50	1.5	24	310	34⅝	34¼	34⅜	
37	21⅞	ADT	.92	2.8	18	279	32¾	32⅜	32½	
27¾	16¾	AFG s	.16	.6	12	517	27⅝	27¼	27½	+⅜
22⅝	8⅝	AGS s			19	449	18¼	18	18⅛	−⅛
13	6¾	AMCA				147	8	7⅞	7⅞	−⅛
9⅜	4⅞	AM Intl				1172	7¾	7¼	7½	−¼
82⅛	47¼	AMR			13	9480	61⅛	60⅝	60¾	+1¼
25	21	ANR pf2.12		9.0		8	23½	23½	23½	+½
11¾	8	ARX s			12	85	10¾	10½	10⅝	
73½	28¾	ASA	2a	3.6		1528	56⅛	55¼	55⅝	+½
20	9¾	AVX		1.6	88	212	17¾	17½	17⅝	
67	41	AbtLab	1	1.5	27	3971	66⅛	64⅝	65¼	−¾
28¾	16⅝	AccoW s	.44	1.5	26	9834	28⅝	28½	28⅝	+¼
15⅛	9	AcmeC	.40	3.0	10	119	13½	13⅛	13⅜	
8⅝	6⅛	AcmeE	.32b	4.2	29	20	7⅞	7⅝	7⅝	
23⅞	19	AdaEx	3.42e	15.		107	22⅜	22	22¼	+¼
19½	11⅜	AdmM s	.24	1.5	12	351	16⅞	16⅜	16⅜	−¼
23⅝	12⅛	AdvSys	.62t	2.6	17	192	u23¾	23⅜	23½	
24½	12⅞	AMD				3065	20⅛	19¾	19⅞	−⅛
54¾	49⅝	AMD pf	3	6.0		27	50⅝	50⅝	50⅝	−⅛
10¾	5¼	Adobe				538	9⅛	8⅞	8⅞	−¼
20½	13¾	Adob pf	1.84	9.7		8	19	18⅞	19	
21⅞	16⅜	Adob pf	2.40	12.		12	20¾	20¾	20¾	
15⅝	10⅜	Advest	.12a	1.0	9	41	12½	12⅜	12⅜	−⅛
68¼	53	AetnLf	2.76	4.7	9	4230	58⅝	58⅛	58¼	−⅜
53⅝	51⅛	AetL pf	3.75e	7.3		22	51¾	51⅝	51⅝	
84½	26½	AflPb s	.32	.5	32	519	63	61½	61¾	−1½
26¾	16⅝	Ahmans	.88	4.1	7	9294	21¾	21¼	21⅜	−¼
5⅜	2⅞	Aileen				55	4½	4¼	4⅜	
49⅝	29⅛	AirPrd	1	2.0	272	857	49¼	48¾	49	−⅛
36	16	AirbFrt	.60	1.8	13	179	33¾	32¾	33⅛	−⅜
13⅞	7⅝	Airgas n			23	830	u15	13½	14	+⅜
20⅜	16¼	Airlse n	1.03e	5.8		22	18⅛	17⅞	17⅞	+⅛
17-32	¼	AlMoan				11	⅜	⅜	⅜	
28	25⅜	AlaP pf	1.81e	6.8		11	26½	26	26½	−½
10¾	9	AlaP dpf	.87	8.8		74	9⅞	9⅝	9⅞	
106½	93¼	AlaP pf	9	9.2		z1390	97½	96½	97½	+1
104	87	AlaP pf	8.16	9.0		z3700	90½	90½	90½	+1
98½	83½	AlaP pf	8.28	9.6		z160	86½	86	86½	+⅝
27⅞	14¼	AlskAir	.16	.7	15	2423	22½	21⅞	22⅛	−⅛
27½	13½	Alberto	.24	1.0	32	104	25	24	25	+¼
22⅜	13½	AlbCulA	.24	1.2	26	218	21¾	20¾	20¾	−⅞
57½	40¼	Albtsns	.96	1.7	18	255	u57¾	56¾	57¼	−¼
32¼	18⅝	Alcan s	.60	2.0	17	2288	30¼	29½	29⅞	−⅞
51⅞	37	AlcoStd	.28	2.6	17	805	50	49	49⅜	−⅛
42⅜	22⅜	AlexAlx	1	4.0	30	818	25¼	25	25¼	+⅛
50½	34½	Alexdr			73	5	47¾	47¾	47¾	−⅛
103½	65½	AllegCp			15	109	u103¾	102½	103½	+1½
24¾	11⅜	Algint				143	16⅛	15⅞	15⅞	
20⅛	9½	Algin pr				3	16⅜	16¼	16¼	−¼
88½	39	Algi pfC				13	73½	73	73	
29⅝	26	AlgLudn				1336	27½	27⅛	27½	+⅜
53⅞	36⅝	AllgPw	2.92	7.3	10	2223	40½	40	40	−½
94½	48½	Allegis	1	1.1	28	4472	90⅝	89¾	90	−⅜
23⅝	14½	AllenG	.56	3.5		446	16¼	15⅞	16	−¼
28⅞	19¾	Allen pf	1.75	8.5		19	20½	20¼	20½	
45½	29	AlldPd			8	2881	28½	d25½	26	−3⅜
49¼	36¾	AldSgnl	1.80	4.1	13	5889	44⅛	43⅞	44	−⅛
10⅛	6¼	AlldSup			80	567	9⅝	9¼	9⅜	+⅛
5	2⅛	AllisCh				192	3	2⅞	2⅞	−⅛
37½	25¼	AllsC pf				5	29¼	29	29	−½
31½	23⅞	ALLTL s	1.36	4.7	17	170	28¾	28⅜	28¾	−⅛
54¾	32⅝	Alcoa	1.20	2.3	14	4307	54⅛	52⅝	53	−½
24⅝	10½	Amax			32	3271	20⅜	19⅝	19⅝	−⅝
45	32½	Amax pf	3	6.7		4	44¾	44¾	44¾	+⅛
38	16½	AmHes	.15e	.4	14	7040	37¾	36¼	36⅝	−1⅛
162	82¼	AHes pf	3.50	2.2		1	160	160	160	−2
43⅛	9⅞	ABrck g				802	31½	30½	31½	+⅞
53	40⅜	ABrnd s	2.08	4.5	14	1294	46⅞	45½	46	−⅞
34⅞	31½	ABrd pf	2.75	8.5		31	32⅜	32⅜	32⅜	+⅛
28	21⅛	ABldM	.90	3.6	18	220	25⅝	24¾	25⅛	−½
33¼	23¼	ABusPr	.80	2.6	18	338	30¾	30⅜	30⅜	−⅜
25⅜	20⅛	ACapBd	2.20	10.		145	21¾	21⅜	21⅝	+⅛
35⅝	29¾	ACapCv	5.82e	18.		17	32⅜	32¼	32¼	
24⅞	14⅝	ACMR	1e	5.1	13	268	19⅝	19	19½	+⅛
7⅞	2⅞	ACentC				69	3⅛	3	3⅛	
52⅞	35¾	ACyan s				4480	u54	52½	53¾	+1¼
31⅝	25	AElPw	2.26	8.1	10	5950	28⅜	27½	27¾	−⅜
40⅝	26⅞	AExp s	.76	2.1	14	12230	36⅞	36⅛	36⅜	−⅜
18⅝	10	AFaml s	.22	1.6	10	4131	13⅞	13⅛	13½	−⅜
46¾	34⅛	AGnCp	1.25	3.1	9	2695	40½	39½	40	−⅛
24	14¼	AGnl wt				65	17½	17	17	−½
53¾	51⅝	AGnl pfA	4.01e	7.7		172	52¼	52⅛	52⅛	+⅛
20	15¼	AHltP	n.22e	1.3		801	17½	17⅛	17½	+⅜
34	25¼	AHerit s	.96	2.9	9	1	33¼	33¼	33¼	+¼
10¾	6⅛	AHoist				1124	10⅝	10⅛	10¼	−⅜
23¾	18¾	AHoist pf	1.95	8.4		25	23½	23	23⅛	−⅜
94⅞	71¾	AHome	3.34	3.9	16	4550	86¾	85⅝	85⅝	+1⅝
101½	77⅜	Amrtc s	5	5.6	11	1649	90⅛	89¼	89⅜	−½
82	54⅞	AInGr s	.25	.4	14	2496	71	69¾	69⅞	−1⅛
20¼	13⅜	AMI	.72	3.9	116	5348	18⅝	18⅛	18½	+¼
4¾	2½	AmMot				2198	4⅜	4⅛	4¼	
38	22	AMotr pf	2.38	6.4		16	37¼	37	37¼	+¼
44⅜	20½	APresd	.50	1.1	23	1296	u44⅞	43½	44½	+1⅛
79¼	46½	APrsd pf	3.50	4.5		122	78½	78½	78½	+½
19⅜	11½	ASLFla			2	35	14⅜	14⅛	14⅛	−⅛
24⅜	20	ASLFl pf	2.19	10.		5	21¼	21	21¼	
11⅞	6¼	AShip	.40	6.2		371	6⅝	6⅜	6½	+⅛
51⅞	36	AmStd	1.80	4.3	8	489	41⅝	40⅞	41⅝	+¼
78⅜	51⅝	AmStor	.84	1.1	20	299	76½	75¼	76½	+1¼
85¼	63¼	AStr pfA	4.38	5.2		119	83½	83	83½	+½
29¼	22⅛	AT&T	1.20	4.2	24	77952	28¾	28⅛	28½	−¼

Continued on Page 47

NYSE COMPOSITE CLOSING PRICES

Continued from Page 46

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
$33\frac{3}{4}$	$18\frac{1}{2}$	SaftKl s .24	.7	35	443	$33\frac{1}{8}$	32	$32\frac{1}{2}$	$-\frac{1}{2}$	
26	$19\frac{1}{2}$	StJoLPs			5	18	21	$20\frac{3}{4}$	$20\frac{3}{4}$	$-\frac{1}{4}$
$17\frac{1}{2}$	$8\frac{1}{2}$	Salant			10	587	$11\frac{1}{4}$	$10\frac{7}{8}$	$10\frac{7}{8}$	$-\frac{3}{8}$
$82\frac{3}{4}$	50	SallieM .36	.4	24	632	$81\frac{1}{2}$	$80\frac{3}{8}$	$81\frac{1}{2}$	$+\frac{5}{8}$	
51	$49\frac{1}{2}$	SallM pf2.50e	5.0		20	$49\frac{7}{8}$	$49\frac{7}{8}$	$49\frac{7}{8}$		
$51\frac{3}{4}$	$30\frac{7}{8}$	Salomn .64	1.8	11	4134	$34\frac{7}{8}$	$34\frac{3}{8}$	$34\frac{5}{8}$		
$42\frac{1}{2}$	$30\frac{5}{8}$	SDieGs2.50	7.4	11	414	$34\frac{1}{8}$	$33\frac{3}{4}$	$33\frac{7}{8}$	$-\frac{1}{8}$	
$9\frac{1}{2}$	7	SJuanB41e	4.6	20	541	9	$8\frac{3}{4}$	9	$+\frac{1}{4}$	
$33\frac{3}{4}$	26	SAnltR2.04	6.4	15	305	$32\frac{1}{4}$	32	32		
$25\frac{3}{8}$	$18\frac{1}{4}$	SFeEP 2.88	13.		181	$22\frac{1}{4}$	22	$22\frac{1}{4}$	$+\frac{1}{8}$	
$48\frac{7}{8}$	$26\frac{1}{4}$	SFeSoP 1	2.2		5735	$47\frac{3}{8}$	$45\frac{7}{8}$	46	$-\frac{3}{8}$	
$49\frac{1}{8}$	$29\frac{1}{4}$	SaraLes 1	2.1	21	3687	$47\frac{3}{8}$	$46\frac{3}{4}$	47	$-\frac{1}{8}$	
19	$14\frac{3}{4}$	SaulRE .20	1.3	41	5	16	16	16		
$23\frac{1}{8}$	$15\frac{3}{8}$	SavEP s 1	5.9	9	139	17	$16\frac{5}{8}$	$16\frac{7}{8}$		
$14\frac{1}{2}$	$12\frac{1}{4}$	SavE pf1.28	9.5		27	$13\frac{1}{2}$	$13\frac{1}{4}$	$13\frac{1}{2}$	$-\frac{1}{8}$	
[illegible]										
$17\frac{3}{8}$	12	Trnscap		4	14	$13\frac{1}{2}$	$13\frac{1}{2}$	$13\frac{1}{2}$	$-\frac{1}{8}$	
52	35	Transco2.72	7.1		1172	$39\frac{1}{2}$	$35\frac{5}{8}$	$38\frac{1}{4}$	+1	
$57\frac{1}{2}$	$48\frac{3}{4}$	Trnsc pf4.75	9.5		97	$50\frac{1}{2}$	$50\frac{1}{4}$	$50\frac{1}{4}$		
$18\frac{1}{4}$	$11\frac{3}{4}$	TranEx1.76	13.		802	$13\frac{7}{8}$	$13\frac{5}{8}$	$13\frac{5}{8}$	$-\frac{1}{4}$	
$10\frac{3}{4}$	$4\frac{3}{8}$	Transcn			67	$5\frac{5}{8}$	$5\frac{1}{2}$	$5\frac{1}{2}$	$-\frac{1}{4}$	
$27\frac{1}{8}$	25	TrGP pf2.50	9.8		7	$25\frac{3}{4}$	$25\frac{1}{2}$	$25\frac{1}{2}$		
$52\frac{5}{8}$	$41\frac{1}{2}$	Travler2.28	4.9	10	2743	$46\frac{3}{8}$	$45\frac{3}{4}$	$46\frac{1}{8}$	$-\frac{1}{4}$	
$58\frac{1}{2}$	52	Trav pf4.16	7.7		32	$53\frac{3}{4}$	$53\frac{3}{8}$	$53\frac{3}{4}$		
33	$25\frac{1}{2}$	TriCon5.34e	16.		149	$32\frac{7}{8}$	$32\frac{5}{8}$	$32\frac{7}{8}$	$+\frac{1}{8}$	
$35\frac{3}{4}$	$29\frac{1}{4}$	TriCn pf2.50	8.2		5	$30\frac{5}{8}$	$30\frac{5}{8}$	$30\frac{5}{8}$	$+\frac{1}{4}$	
$39\frac{3}{4}$	$21\frac{1}{8}$	Triain s .12	.4	13	820	35	$33\frac{3}{4}$	$33\frac{3}{4}$	-1	
38	$20\frac{3}{4}$	Trilnd pf.12	.4		1	31	31	31	$+\frac{1}{4}$	
$44\frac{5}{8}$	$28\frac{3}{8}$	Tribun s .60	1.4	17	1641	44	43	$43\frac{1}{8}$	$-\frac{5}{8}$	
$29\frac{1}{4}$	$13\frac{1}{4}$	Trinty .50	1.8	78	214	$27\frac{1}{2}$	27	$27\frac{1}{8}$	$-\frac{1}{4}$	
$73\frac{3}{4}$	$42\frac{1}{4}$	Trinov s 1	1.4	10	479	$72\frac{3}{4}$	71	$71\frac{3}{4}$	$-1\frac{1}{2}$	
[illegible]										
$32\frac{1}{4}$	$22\frac{3}{4}$	WiscE wi			2	25	25	25		
$60\frac{1}{4}$	$42\frac{1}{2}$	WiscPL3.04	6.3	12	238	$47\frac{7}{8}$	$47\frac{3}{8}$	$47\frac{7}{8}$		
63	$42\frac{3}{8}$	WiscPS 3	6.4	12	102	47	$46\frac{5}{8}$	47	$+\frac{1}{8}$	
$47\frac{3}{8}$	$31\frac{1}{8}$	Witco 1.12	2.7	14	522	$42\frac{1}{4}$	$41\frac{3}{4}$	$41\frac{7}{8}$	$-\frac{1}{8}$	
14	$8\frac{1}{8}$	WolvrW			21	$12\frac{3}{8}$	$12\frac{1}{4}$	$12\frac{3}{8}$		
$54\frac{7}{8}$	37	Wlwth s1.32	2.3	16	6998	u$57\frac{3}{4}$	$54\frac{3}{4}$	$56\frac{3}{4}$	+2	
$154\frac{1}{4}$	108	Wolw pf2.20	1.4		4	u161	154	161	$+8\frac{1}{2}$	
$7\frac{1}{4}$	2	WrldAr			33	$6\frac{3}{8}$	$6\frac{3}{8}$	$6\frac{3}{8}$		
$19\frac{3}{4}$	$14\frac{3}{8}$	WrldVl n			112	$18\frac{1}{8}$	18	$18\frac{1}{8}$		
54	$39\frac{1}{8}$	Wrigly s1.04	2.0	19	257	53	$52\frac{1}{4}$	$52\frac{5}{8}$	$+\frac{1}{8}$	
$3\frac{7}{8}$	$1\frac{3}{8}$	Wurltzr			15	$2\frac{7}{8}$	$2\frac{3}{4}$	$2\frac{3}{4}$	$-\frac{1}{8}$	
$18\frac{7}{8}$	11	WyleLb .32	1.9	33	6	$16\frac{3}{4}$	$16\frac{5}{8}$	$16\frac{5}{8}$	$-\frac{1}{4}$	
$24\frac{7}{8}$	16	Wynns .60	3.3	13	9	$18\frac{1}{4}$	18	$18\frac{1}{8}$	$+\frac{1}{8}$	
X Y Z										
$81\frac{1}{4}$	$48\frac{5}{8}$	Xerox 3	3.7	19	2832	$80\frac{1}{2}$	$79\frac{7}{8}$	$80\frac{1}{8}$	$-\frac{1}{4}$	
$58\frac{1}{4}$	$54\frac{3}{8}$	Xerox pf5.45	9.9		20	55	55	55	$+\frac{1}{4}$	
$23\frac{3}{4}$	$21\frac{1}{2}$	XTRA .64	2.5		28	$25\frac{7}{8}$	$25\frac{7}{8}$	$25\frac{7}{8}$	$-\frac{1}{8}$	
$27\frac{1}{4}$	15	Yorkin		17	80	$27\frac{1}{4}$	$26\frac{3}{8}$	$26\frac{1}{2}$	$-\frac{3}{8}$	
6	$2\frac{1}{4}$	Zapata			182	$4\frac{1}{2}$	$4\frac{3}{8}$	$4\frac{1}{2}$		
$43\frac{7}{8}$	$20\frac{3}{4}$	Zayre .40	1.4	18	7869	$29\frac{3}{8}$	$28\frac{7}{8}$	$29\frac{1}{4}$	$-\frac{1}{8}$	
$14\frac{3}{4}$	$9\frac{3}{4}$	Zemex .40	3.1	8	23	$13\frac{3}{8}$	13	13		
$29\frac{3}{4}$	$16\frac{7}{8}$	ZenithE			1056	28	$26\frac{5}{8}$	$27\frac{1}{8}$	$-\frac{7}{8}$	
$17\frac{1}{2}$	8	ZenLab			717	11	$10\frac{5}{8}$	$10\frac{3}{4}$	$-\frac{1}{4}$	
$19\frac{1}{2}$	$12\frac{3}{8}$	Zero .36	2.3	16	88	$16\frac{1}{8}$	$15\frac{7}{8}$	$15\frac{7}{8}$	$-\frac{1}{8}$	
$52\frac{1}{2}$	$32\frac{3}{4}$	Zurmin 1.36	2.6	18	94	$51\frac{3}{4}$	51	$51\frac{5}{8}$	$+\frac{3}{8}$	
$10\frac{3}{8}$	$8\frac{3}{4}$	Zweig n.10e	1.1		3162	$9\frac{1}{2}$	$9\frac{1}{8}$	$9\frac{1}{2}$	$+\frac{3}{8}$	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 45

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Airlines resist profit-taking amid broad fall

WALL STREET

SUCCUMBING to profit-taking and a weaker bond market, Wall Street stock prices slipped yesterday for the first time in 12 sessions in active trading, *writes Roderick Oram in New York.*

Bond had opened stronger because of encouraging news about low inflation and gains overnight abroad, but price rises of up to ¾ of a point were given up when the dollar began to slip.

The Dow Jones industrial average closed down 5.78 points at 2,439.73, ending a run which carried it up 119 points or 5.1 per cent. At its best it had been some 10 points up on the day before negative influences pushed it down a maximum of 14 points.

Broader market indices, which have lagged behind the Dow industrial's recent rise to record levels, fell more steeply. The Standard & Poor's 500 index shed 1.23 to 308.43 and the New York Stock Exchange composite index gave up 0.55 to 173.22.

NYSE volume was heavy at 194.8m with declining stocks outnumbering those by a ratio of four-to-three.

Many market participants thought yesterday's consolidation of recent gains was timely, feeling it could help lay the ground work for further modest rises soon. Some analysts were more negative, however, suggesting that much of the gains over the past two weeks had been due to end-of-quarter window dressing by portfolio managers.

Airlines were one of the few sectors to hold up to the profit taking because of rumoured air-fare increases. Delta rose $1⅛ to $56½. Texas Air gained $1⅞ to $38 on the American Stock Exchange, NWA, parent of North West, rose $1⅛ to $71⅜ and AMR, parent of American, added $1¼ to $60¾ although USAir fell $½ to $48¼. TWA slipped $½ to $30¼ and Pan Am edged down $¼ to $5⅜.

In the takeover arena, Dayton Hudson initially jumped $6 to $60 on reports that Stone Inc., a privately held Cincinnati company, had made a takeover offer of $70 a share. But it turned out by late afternoon to be a spurious offer made by an investment manager who was subsequently taken to hospital suffering apparently from mental stress. The stock closed down $⅞ at $53¼ on volume of more than 5.5m shares, making it the second most active NYSE issue.

The prospect of a bid had boosted some other retailers. Federated Department Stores added $1⅛ to $56⅜, Woolworth, which is rumoured to be studying restructuring proposals, leapt $2 to $57 and K mart added $⅞ to $44⅜.

Harcourt Brace Jovanovich rose $⅛ to $57⅜. The publishing company won a court battle which might help clear the way for its recapitalisation.

JWT fell $½ to $52¼. The advertising and public relations group agreed to provide information to WPP, the UK marketing services company which has bid $50½ for it.

Credit markets opened stronger in Wall Street after US bond prices have moved higher in Tokyo overnight and then lost ground in London. The initial boost in the US came from better than expected economic data.

The consumer price index rose only 0.3 per cent in May from April, against forecasts of about 0.4 per cent. Durable goods orders, however, fell only 0.1 per cent in May compared with a forecast fall of 1.5 per cent. Such signs of relatively healthy demand are often a negative influence on bonds because they imply higher interest rates.

The downturn in bond prices during the morning was influenced far more, though, by weakness of the dollar. Foreign exchange markets were unsettled by rumours that the Federal Reserve had been selling dollars against D-marks and sterling, the latter on behalf of the Bank of England

By late afternoon, the price of the benchmark 8.75 per cent Treasury long bond was off ⁵⁄₃₂ of a point at 103⁵⁄₃₂ yielding 8.41 per cent. At its best in New York it had been up about ¾ of a point.

The easing of bond prices was helpful for the Treasury's three-day auction of $24.5bn of notes which began yesterday, has substantially dampened investor demand for the new securities.

CANADA

EXTENDING Monday's 34 point loss, Toronto stocks weakened in moderate trading, although golds bounced back from their steep decline in the previous session.

Leading active Royal Bank of Canada fell C$¼ to C$33. The bank said it had ended talks to acquire investment dealer Wood Gundy.

Other major bank stocks also faltered.

Montreal was led downwards by banks, mines and utilities.

SOUTH AFRICA

HESITANT trading produced relatively light gains in Johannesburg, where gold shares had mixed fortunes after Monday's sharp falls.

A weaker financial rand provided some support, but demand remained slight. Market leaders Vaal Reefs and Randfontein both closed up R2 at R391 and R417 respectively.

De Beers eased 25 cents at R37.75 and Anglo American R1.75 to R78, but Gencor gained R1.25 to R52.50.

Barlow Rand, which dropped 20 cents to R24.50, reflected a lower industrial index.

Ann Charters in São Paulo looks at the future for two languishing bourses

Brazilian markets await cue from Government

BRAZILIAN stock markets resemble understudy actors waiting in the wings for a call to play leading roles. Whether or not the call comes will depend largely on how the Government resolves its internal debate as to whether the state should increase its already heavy 60 per cent share of the GNP or recede to make room for private initiative.

As it is, Brazil's continued economic uncertainly has brought a halt to most investment. "All sources of investment capital have dried up," says Mr Roberto Teizeira da Costa, president of Brazilpar, a venture capital and financial services company. "In my 30 years' experience in Brazil's capital markets, I have never seen a worse time."

The country's two largest stock exchanges in Sao Paolo and Rio de Janeiro continue to languish, despite small rebounds recently in the wake of the latest economic package.

Until the Government's onslaught 10 days ago on the country's 20 per cent monthly inflation rate, annual interest rates were running at 1,000 per cent. As a consequence, investors preferred to seek returns from high overnight money market rates, which rose to more than 20 per cent a month to keep their value of their funds from eroding. The stock markets held no hope of competing with such high returns.

Now that the Government has again installed a price freeze, this time for 90 days, the market is cautious as to whether the measures will work. On the Sao Paulo Stock Exchange, trading volume is back to where it was in 1985 at trading levels around 7,000 points – after an anomalous and spectacular spurt in April last year when the Bovespa Index (which measures 138 stocks) hit 20,384 points in the wake of the Government's Cruzado plan to reduce inflation through a more protracted price freeze.

Compared to the market boom during the Government's first ill-fated attempt at stabilising the economy, listed companies' share prices are now trading at a fraction of their book value. A study by security firm Wellinger & Almeida and Prado, shows that the market value of the top 100 companies' shares have been trading at an average 29 per cent of the groups' book value. The average price/earnings ratio was just ⅔. The same companies showed an 80 per cent decline in market valuation from June 30 1986 to May 29 1987.

Total market capitalisation is today estimated at $20bn, according to Mr da Costa, with half accounted for by private companies, 40 per cent by Government-controlled companies and the remainder by foreign controlled corporations.

During the 1986 bull market, new share issues reached $1.18bn, with half sold through the stock exchange and half subscribed by existing shareholders. That year, the number of individual investors in the market doubled to 300,000, from 150,000 in 1985. Then, however, came the fall.

Eduardo Rocha da Azevedo

"For the stock market, it would have been better if the Cruzado Plan in 1986 had not existed," says Mr Eduardo Rocha da Azeveda, president of the Sao Paulo Stock Exchange. "It will take us five years to get these small investors back into the market after the burn they took when the stock market plunged beginning last July to current levels."

Mr Rocha ascribes the fall largely to the Government's decision last July to require pension funds, the stock market's largest institutional investors, to switch investments into a new government National Development Fund. To comply, the funds had to sell publicly traded shares, their most liquid assets. The stock market has not since recovered.

"The Government caused the stock market's violent drop when it decided the markets were absorbing too much of the country's private savings," he says.

Mr Rocha says the Sao Paulo exchange's efforts from 1982 to 1985 to "democratise" participation had resulted in a 30 per cent increase in the number of listed companies to slightly more than 1,000, and a jump from 12,000 to 150,000 shareholders. "The Government dealt both efforts a severe blow last year."

Yet stock markets remain solidly part of Brazilian life. Newspapers, news broadcasts and weekly magazines all feature stock market reports. Moreover, the daily volume of shares traded has risen from the recent doldrums of $25m to around $75m. It is still, however, below the $150m peak of 1986.

Market concentration is high, with daily trading often concentrated in only two or three stocks. In 1985, the five biggest stocks represented 54.4 per cent of total trade in the spot market, according to Brasilpar, while the next 10 largest accounted for 61.2 per cent. Four companies alone account for 40 per cent of the market capitalisation.

Many analysts agree that the Government could give the markets a necessary fillip – and raise funds itself – by following the lead of the UK, France, Spain and Italy and privatising some of the 200 or more productive companies in its control. A recent sale of a textile company yielded Cruzados 580m, ($13.8m) for Government coffers, but there are no signs of further state sales.

The markets would also benefit from the entry of foreign capital, either directly or through funds, but there is widespread government fear that foreign investors could end up owning Brazil's industry.

Mr Bolma is, however, critical of what he calls "stupid nationalism." He cites the successful influx of $700m into the smaller Madrid Stock Exchange last year as evidence that national sovereignty need not be threatened.

"A country's industries can emerge intact if government technocrats understand how to structure investment opportunities and don't block investment out of ignorance," he says.

Brazil timidly opened its stock markets to international investors in 1975 and $300m was expected to flood in. In fact, only $60m arrived, in part because the red tape and financial returns made investment uncompetitive. "We have to open our minds and lose our inferiority complex," Mr da Costa says, "we're the eighth economy in the world and we act like a child in short pants."

The risk is, therefore, that Brazil will lose investors to bourses in other developing countries, such as Korea, Taiwan and Indonesia. Western pension funds and other institutional investors are looking to boost their investment in developing countries' equities from their current $2bn to between $20bn and $40bn by the end of the decade, according to International Finance Corporation estimates. If some of that money entered Brazil, however, it could call the stock markets to centre stage.

UK unit trusts buoyant

BY ERIC SHORT IN LONDON

THE buoyancy in the UK unit trust market continues unabated, with sales last month at £1.13bn ($1.82bn), topping the £1bn mark for the fifth successive month, according to figures released yesterday by the Unit Trust Association.

This brought total unit sales in the first five months of this year to £5.56bn, well on the way to surpassing last year's record sales of £8.7bn and already exceeding the £4.5bn sales for the whole of 1985.

However, repurchases of units remained at a very high level in May, amounting to £727m, of which £80m arose from the de-unitisation of pension fund money from a single trust.

Even with this de-unitisation written back, repurchases of units by unitholders remains at a very high level, much of the proceeds being reinvested in other unit funds.

This left net new investment in unit trusts for May at a comparatively low £403m.

Net new investment in the first five months of the year stands at £2.17bn, less than 20 per cent above last year's investment for the corresponding period.

The total value of funds under management rose by more than £2bn in May to £41.3bn, over 50 per cent higher than a year ago. However, this rise is more the result of buoyant equity markets than of money invested.

Nevertheless, the number of unitholder accounts continues to climb steadily, jumping a further 100,000 in May to 3.93m.

Draft rules to implement changes in unit trust operations are expected to be published by the Government next week.

Seoul investors bullish

SOUTH KOREAN share prices rose broadly for the third consecutive session on the Seoul stock exchange as investors drew confidence from the expected talks between President Chun Doo Hwan and Mr Kim Young Sam, one of the country's two main opposition leaders, AP-DJ reports from Seoul.

The Seoul exchange composite index advanced 2.64 to 387.74, following a 4.69 rise in the previous session. Turnover was won 43.7bn ($53.9m) against won 44.1bn on the previous day. Rises led falls by 220 shares to 106.

In a bullish opening, the index overcame resistance to break briefly through 390. Early gains were trimmed, however, as investors became wary of the rapid rise in prices which has seen the index add 10 points in three sessions.

Bank stocks showed the strongest gains. Construction and lower-priced speculative issues, however, failed to respond to the market.

EUROPE

Economic news cheers Frankfurt

REASSURED by the continuing firmness of the dollar and Wall Street's performance, Europe maintained its confidence and advanced in active trading. Domestic factors contributed to bullishness for the most part, but investors still failed to resist profit-taking.

Frankfurt advanced in heavy trading, giving the market its fifth straight gain. Support was provided by a Bundesbank report saying the economy had overcome a winter slump and was in the midst of a noticeable revival.

The optimistic forecast for the West German economy, along with favourable company news, coaxed foreign investors into the market. Most blue chips showed solid increases.

Autos led other sectors higher, encouraged by news that car registrations rose 15 per cent in May after a 10.5 per cent fall the previous month. Daimler put on DM 6 at DM 1,120, BMW rose DM 7 to DM 666 and Porsche edged up 50 pfg to DM 980.

VW soared DM 11.60 at DM 409, given an added boost by news that it had agreed with Toyota on the production of a light truck in West Germany.

Activities focused on chemicals issues Bayer and BASF, as mutual funds bought stocks to take advantage of the 1986 dividend payout later this week. The two groups are also expected to present a positive outlook for 1987 at their annual shareholder meetings.

LONDON

A STEADIER pound and stronger government bonds helped London equities rally to restore most of Monday's losses and close near the day's highs.

The FT-SE 100 index closed up 20.9 at 2,265.5 and the FT Ordinary index climbed 14.6 to close at 1,751.6.

Gilts ended 3/4 higher after the Bank of England supplied tap stock twice during the session in what was seen as an attempt to steady the market. Shares firmed from a hesitant start and continued improving all day.

***Blue chips* advanced broadly although transatlantic stocks suffered from an uneasy Wall Street opening. Oils firmed prior to an expected agreement at OPEC's meeting tomorrow. Details Page 44.**

The market ended on a cautious note, however, with a late bout of profit-taking leaving issues off highs.

Zurich traded high volume, forcing an extension of the session by more than an hour but investors, particularly foreigners, elected to take profits after selective early gains, and stocks closed mixed.

Engineer Oerlikon-Buehrle led gains among blue chips with its bearer advancing SFr 70 or 5.6 per cent to SFr 1,320. The registered stocks of Alusuisse recorded a sharp loss, down SFr 13 or 5.5 per cent from its previous close, to SFr 225.

Amsterdam succumbed to profit-taking at the end of a lively day of trading, as investors appeared to regard Monday's record levels as a temporary phenomenon.

A lively publishing sector saw Kluwer, which plans to merge with Walters Samson to fend off a hostile bid by Elsevier, gain Fl 2 to Fl 387 after reaching a high of Fl 395.

Reports in the Dutch press said publishing magnate Robert Maxwell had bought an unspecified stake in the firm.

Elsevier firmed 30 cents to Fl 52.10 while Walters Samson fell Fl 2.10 to Fl 130.90.

Brussels surged to record highs for the second day running on strong foreign buying and a firmer dollar, despite a large number of dividend payments.

Petrofina jumped BFr 500 to BFr 11,800 on foreign interest, while Reserve ended BFr 90 higher at BFr 3,670 in a repetition of Monday's market pattern.

Paris advanced amid the background of a stronger dollar, with gains helped considerably by technical buying linked to the start of the July trading account. This allows investors to buy shares on a month's free credit.

Expectations of a market rebound over the next four weeks, when annual corporate dividend payments are expected to inject between FFr 16bn and FFr 18bn of fresh liquidity into the market, also encouraged sentiment.

Stockholm was inspired by softer interest rates as institutional investors returned from an extended midsummer's eve holiday. A broad rise in prices took the Veckans Affarer index through the 1000 mark to 1003.0 from 997.7.

Asea, a heavy engineering concern, was the focus of interest as it closed SKr 14 higher at SKr 356, boosted by technical strength.

Milan showed gains in thin trading, led upwards by gains by blue chips in the insurance and industrial sectors. Insurer Generali gained L850 at L134,850 and RAS rose L250 to L65,150.

Fiat ordinary closed at L13,275, up L124 and Olivetti, which unveiled plans to launch a major new line of personal computers, gained L149 to L13,800.

Oslo went down on profit-taking after the all-share index approached record levels on Monday. The index dropped 0.54 points to 331.83 in thin trading worth a total NKr 45.7m.

The oil index fell 2.71 points to 282.68.

Madrid closed higher, with food and construction companies leading the way.

ASIA

Demand for high-tech leads rally

TOKYO

RISING demand for high-technology stocks caused a rally in Tokyo yesterday after a three-day losing streak, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average of 225 select issues, which suffered the third largest ever drop of nearly 648 points Monday, gained 339 early in the afternoon, coming close to regaining 25,000. It closed 154.56 higher at 24,794.91 as domestic demand-related stocks shed morning gains.

Volume increased from Monday's 671.95m shares to 1.07bn. Losers led gainers 501 to 442, with 104 issues unchanged.

Investors apparently began to regard high-technology issues as the new locomotives for the market because of the sector's rapid recovery. The biggest brokerage houses focused attention on the stocks, spurring heavy buying by institutional investors.

Eight such stocks were on the list of 10 most active issues. Particularly popular were Hitachi and Matsushita Electric Industrial, which hit all-time highs on buying by institutional investors and foreign investors. Hitachi placed first with 64.17m shares changing hands, advancing Y100 to Y1,220, while Matsushita Electric Industrial soared Y190 to Y2,290 on the fifth largest trading of 32.26m shares.

Fuji Photo Film also jumped Y220 to a record Y3,990. Konishiroku Photo Industry, which reportedly plans to produce a diagnostic drug for cancer, jumped Y81 to Y950, while NEC added Y170 to Y2,180 and Fujitsu Y30 to Y1,200.

Stocks sensitive to the Government's domestic demand expansion measures firmed in the morning after several weaker sessions. But the buying flurry proved short-lived and many issues in the sector later eased.

Nippon Steel, third busiest with 35.59m shares traded, gained Y5 in the morning, but finished Y10 lower from Monday at Y319 under small-lot selling pressure.

Bond prices showed turbulent moves. Yields had been rising since last week, reflecting the yen's dip and an increase in short-term interest rates, but the low prices invited buying in the morning.

The yield on the 5.1 per cent government bond due in June 1996 opened at 3.650 per cent, compared with 3.445 per cent Monday, but plunged to 3.430 per cent as purchases expanded. In the afternoon, however, speculation that the Bank of Japan could discontinue its policy of guiding short-term interest rates lower triggered another bout of selling and the yield closed at 3.480 per cent in block trading on the stock exchange.

In inter-dealer trading after the close of the exchange, it rose further to 3.570 per cent.

SINGAPORE

SHRUGGING off profit-taking and some institutional caution over the forthcoming bulk sale of Singapore Airline shares, Singapore prices edged to a further record close. The Straits Times industrial index added 5.03 to the new peak of 1,249.24.

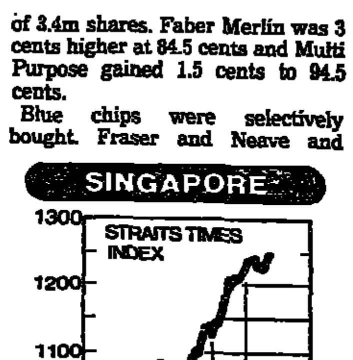
Cheaper issues continued active, with Malaysia Resources inching up 0.5 of a cent to 57 cents in trade of 3.4m shares. Faber Merlin was 3 cents higher at 84.5 cents and Multi Purpose gained 1.5 cents to 94.5 cents.

Blue chips were selectively bought. Fraser and Neave and Inchcape each added 10 cents to S$11 and S$5.75 respectively, with the latter a high for the year. Singapore Airlines was still at S$13.30.

Banks, hotels, properties and commodities, however, were narrowly mixed.

Development Bank of Singapore was steady at S$13.70, while Overseas Chinese Banking added 5 cents to S$9.30. Singapore Land gained 5 cents to S$7.55.

SINGAPORE



AUSTRALIA

THE SLIPPING bullion price and the weaker share price index future market undercut Sydney share prices, with mining issues again leading a broad fall. The All Ordinaries index fell 32.2 to 1,741.9, its lowest close since April 3 this year.

Among the weaker miners, CRA dropped 42 cents to A$8.68, Western Mining 14 cents to A$5.80 and MIM 10 cents to A$2.08. Poseidon, rumoured to be a takeover target, fell a further 70 cents to A$4.70. In golds, Placer Pacific slid 30 cents to A$2.90 as the bullion price fall continued to hurt the sector.

Oil and gas issues caught the easier trend. Ampol Exploration gave up 10 cents to A$5.30 and Santos lost 12 cents to A$6.74.

Resources retreated with sector leader BHP 16 cents cheaper at A$9.76. CSR, however, held its ground at A$4.06.

HONG KONG

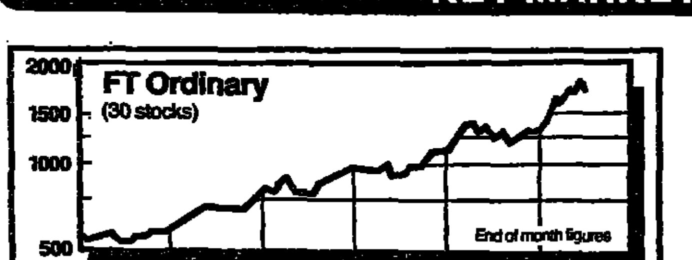
CONTINUED profit-taking depressed Hong Kong share prices, although limited late buying saved the market from closing at the day's lows. The Hang Seng index fell 20.78 lower at 3,110.41 after having earlier dipped below 3,100.

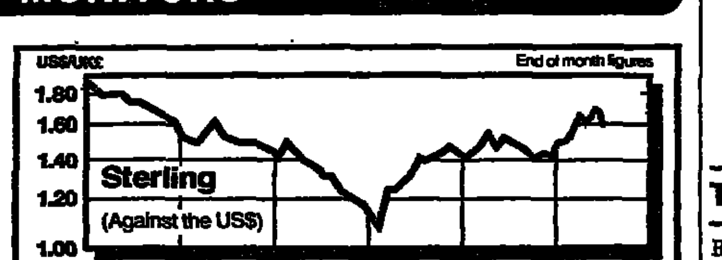
Properties fared worst in the sell-off. Cheung Kong slipped 30 cents to HK$12.70, New World Development dropped 20 cents to HK$12.40 and Sun Hung Kai lost 30 cents to HK$15.80.

Financials, however, shook off Tuesday's lethargy, led by Hongkong Bank's 10 cents rise to HK$8.90. The Australian state of Victoria said it will sell its 20 per cent stake in the Hongkong Bank of Australia to the bank. Hang Seng Bank slid 25 cents to HK$37.50 and Bank of East Asia lost 50 cents to HK$24.

Elsewhere in blue chips, Swire "A" gave up 30 cents to HK$12.70 and Jardine Matheson lost 10 cents to HK$18.

KEY MARKET MONITORS





STOCK MARKET INDICES

	June 23	Prev	Year ago
NEW YORK			
DJ Industrials	2,439.73	2,445.51	1,879.54
DJ Transport	1,029.27	1,027.20	778.13
DJ Utilities	208.14	206.76	190.49
S&P Comp.	308.43	309.65	247.56
LONDON FT			
Ord	1,751.6	1,737.0	1,339.4
SE 100	2,265.5	2,244.6	1,637.20
A All-share	1,136.17	1,127.96	801.84
A 500	1,262.48	1,253.93	886.12
Gold mines	364.1	376.7	203.7
A Long gilt	9.13	9.13	9.43
World Act. Ind (June 22)	131.52	133.14	90.52
TOKYO			
Nikkei	24,794.91	24,664.35	17,403.1
Tokyo SE	2,117.29	2,109.07	1,344.56
AUSTRALIA			
All Ord.	1,742.0	1,774.1	1,214.7
Metals & Mins.	999.3	1,046.7	524.8
AUSTRIA			
Credit Aktien	182.96	182.25	243.08
BELGIAN SE	4,741.0	4,703.00	3,620.63
CANADA			
Toronto			
Met.& Mins.	2,771.8	2,818.4	2,131.0
Composite	3,691.0	3,706.6	3,059.7
Montreal			
Portfolio	1,873.23	1,882.88	1,550.01
DENMARK SE			
SE	210.81	211.48	214.46
FRANCE			
CAC Gen	408.60	—	340.8
Ind. Tendance	102.2	100.30	80.42
WEST GERMANY			
FAZ-Aktien	633.29	625.44	649.72
Commerzbank	1,914.70	1,889.30	1,951.3
HONG KONG Hang Seng	3,110.41	3,131.19	1,781.04
ITALY Banca Comm.	709.24	–	653.84
NETHERLANDS ANP CBS			
Gen	303.20	303.60	290.6
Ind	260.60	261.40	284.5
NORWAY Oslo SE	434.82	436.48	363.08
SINGAPORE Straits Times	1,249.20	–	759.92
SOUTH AFRICA JSE			
Golds	—	1,984.0	1,282.3
Industrials	—	1,894.0	1,152.4
SPAIN Madrid SE	238.91	234.47	181.66
SWEDEN J & P	–	–	(c)
SWITZERLAND Swiss Bank Ind	613.10	613.30	568.6

COMMODITIES (London)

	June 23	Prev
Silver (spot fixing)	425.00p	435.05p
Copper (cash)	£972.00	£959.50
Coffee (September)	£1,269.00	£1,241.0
Oil (Brent Blend)	$18.875	$19.10

GOLD ($/oz)

	June 23	Prev
London	$440.25	$438.00
Zürich	$439.25	$438.75
Paris (fixing)	$436.89	$444.69
Luxembourg	$444.25	$444.25
New York (August)	$443.80	$440.80

CURRENCIES (London)

	US DOLLAR June 23	US DOLLAR Previous	STERLING June 23	STERLING Previous
$	–	–	1.5985	1.5945
DM	1.8330	1.8400	2.9325	2.935
Yen	146.0	145.80	233.5	232.5
FFr	6.1175	6.135	9.785	9.7825
SFr	1.5180	1.5290	2.4275	2.4375
Fl	2.0640	2.0715	3.30	3.3025
Lira	1,324	1,328	2,118	2,1175
BFr	38.0	38.10	60.80	60.75
C$	1.3340	1.3355	2.1336	2.1285

INTEREST RATES

	June 23	Prev
Euro-currencies (3-month offered rate)		
£	9⅛	9⅛
SFr	4⅛	4¼
DM	3¹⁵⁄₁₆	3¹⁵⁄₁₆
FFr	8⅛	8⅛
FT London Interbank fixing (offered rate)		
3-month US$	7⅛	7⁵⁄₁₆
6-month US$	7⁵⁄₁₆	7⅛
US Fed Funds	6¹³⁄₁₆*	6⅞
US 3-month CDs	6.75*	7.025
US 3-month T-bills	5.686*	5.82

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
June 23 (Sept)	92-29	93-24	92-23	93-06
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	93.92	94.03	93.89	93.99
Certificates of Deposit (IMM) $1m points of 100%				
(Sept)	n/a	n/a	n/a	93.28
LONDON				
Three-month Eurodollar $1m points of 100%				
(Sept)	92.68	92.75	92.64	92.89
20-year Notional Gilt £50,000 32nds of 100%				
(June)	123-09	123-27	123-31	123-04

US BONDS

Treasury

	June 23 Price	June 23 Yield	Prev Price	Prev Yield
7⅛ 1989	101	7.427	101⅛	7.376
7 1994	94¹⁵⁄₃₂	8.064	94¹⁷⁄₃₂	8.05
8½ 1997	101¹⁷⁄₃₂	8.222	101²³⁄₃₂	8.21
8¾ 2017	103⁵⁄₃₂	8.398	103²³⁄₃₂	8.40

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	June 23 Return index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	−0.03
1–10	154.63	+0.12	6.68	−0.03
1– 3	144.03	+0.07	6.37	−0.03
3– 5	157.57	+0.17	6.71	−0.03
15–30	193.58	+0.59	7.78	−0.03

Source: Merrill Lynch

Corporate

	June 23 Price	June 23 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	93.20	6.40	93.32	6.36
SCBT South Central 10⅞ Jan 1993	103.25	10.11	103	10.17
Phibro Sal 8 April 1996	93.65	9.06	92.86	9.20
TRW 8⅞ March 1996	97.85	9.11	97.33	9.20
Arco 9⅞ March 2016	103.625	9.50	103.64	9.50
General Motors 8⅞ April 2016	86.50	9.50	86.0	9.56
Citicorp 9⅜ March 2016	93.22	10.10	91.92	10.25

Source: Salomon Brothers

* Latest available figures